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REPORT OF THE COMMISSIONER-GENERAL OF THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST

Addendum

Financial situation of UNRWA in 1994 and 1995 and budget estimates for 1996-1997

1. The present addendum to the report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to the General Assembly contains information on the financial results for 1994, an assessment of the current financial situation in 1995 and the Agency's budget for the biennium 1996-1997, including an in-depth account of UNRWA's programmes. It also contains a short description of UNRWA's emergency operations and of its extrabudgetary activities. After transmittal to the General Assembly, the 1996-1997 biennial budget will be issued by the Commissioner-General as the operational budget of the Agency for the appropriation of funds in 1996-1997.

2. Direct assistance to the Palestine refugees is also provided by Governments in the area of operations. Information on this assistance is contained in annex I.

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I. OVERVIEW

3. The activities of UNRWA are almost exclusively funded by voluntary contributions; only 92 of its 134 international posts, or about 3 per cent of expenditure, are funded by the United Nations regular budget. In addition, the World Health Organization (WHO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) fund several posts. In accordance with its mandate, UNRWA's activities focus on support to 3.2 million Palestine refugees in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip. To meet this objective, UNRWA employs about 21,000 staff - almost all of whom are area staff - whose main functions are in the areas of education, health, and relief and social services. Hence, UNRWA is an agency that implements and executes its operations and projects itself and does not rely on third parties to do so.

4. UNRWA's financial system consists of two kinds of activities, regular or recurrent expenditure and extrabudgetary or projects expenditure. The present report deals mainly with the regular budget, called the General Fund. The substantial extrabudgetary part of the Agency's activities is explained in the present report, yet does not form part thereof. Over the years, UNRWA's financial system has become complex. Figure 1 shows the present system. For the 1996-1997 biennium, which is the main subject of the present report, the financial system has been consolidated to make it easier to operate and to understand. Figure 2 shows the format of the new system, which is also explained in the text.

5. UNRWA receives not only cash contributions, but also donations in kind towards its regular programme budget. In 1996-1997, an estimated $77.4 million in in-kind donations are required. These donations are valued by the donating Governments themselves. It should also be noted that the Palestine refugees themselves share in the cost of providing UNRWA services, either by paying fees or, in the case of hospitalization, by making co-payments. The refugees may also contribute in kind by providing volunteer labour in shelter rehabilitation or environmental health schemes in which the Agency provides construction materials.

6. The 1996-1997 budget, in its revised format, is generally similar to the previous biennial budget but with slightly greater volume. Two differences merit special note. Owing to recent political developments which have made it possible to foresee the eventual dissolution of UNRWA, the Agency introduced a provision for termination indemnities for its 21,000 area staff. That provision, included in the budget beginning in 1996, had been agreed by the Agency's major donor and host Governments at an informal meeting held in Amman in March 1995.

7. The implementation of the decision to relocate UNRWA's Vienna headquarters to the Gaza Strip required special budgetary arrangements. A project account was established and, in consultation with the United Nations Secretariat, planned expenditure for the move was set at $13.5 million. The Secretary-General and the Agency are seeking separate funding for the move, as the Agency's donors had stipulated that it not be funded out of the regular budget.

Figure 1. UNRWA: 1994 accounts

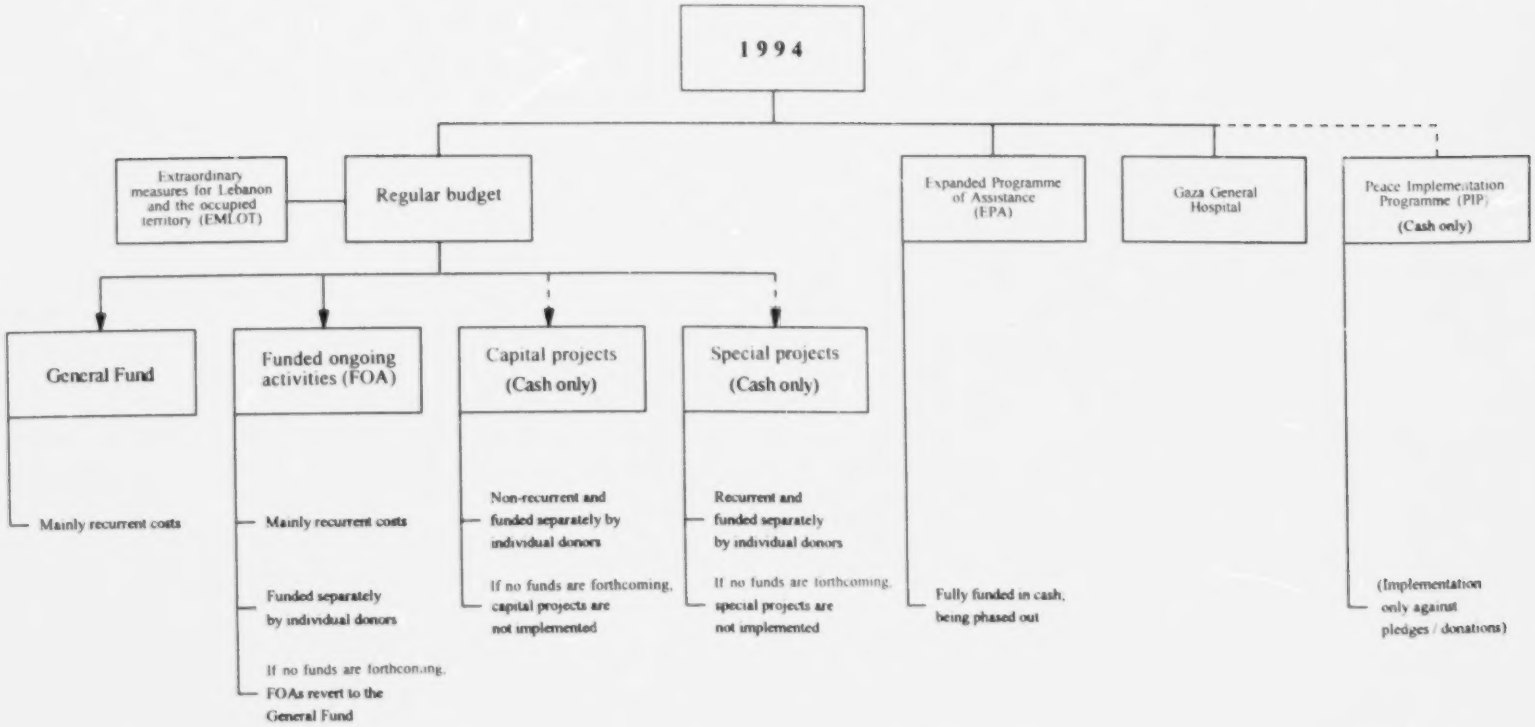
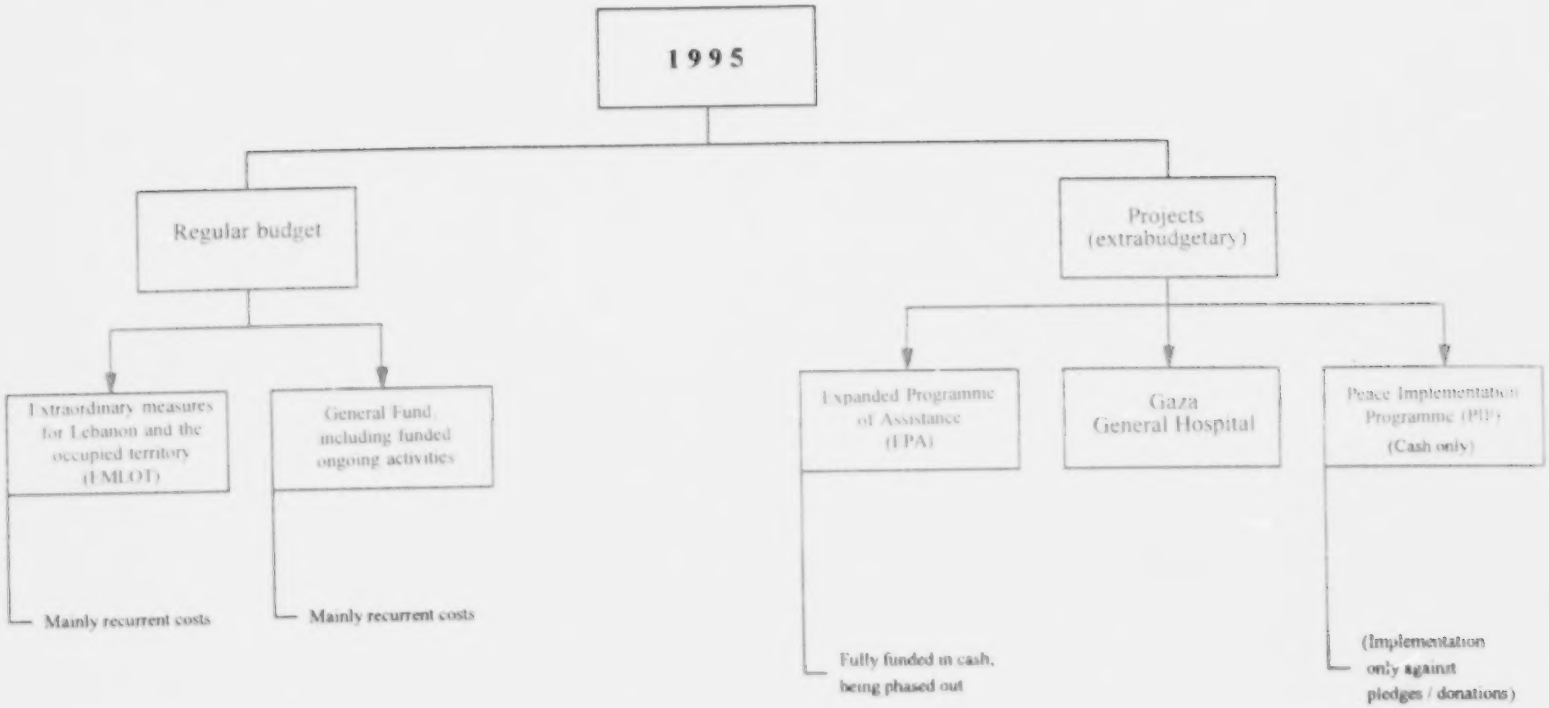

1994
Extraordinary measures for Lebanon and the occupied territory (EMLOT)
Regular budget
Expanded Programme of Assistance (EPA)
Gaza General Hospital
Peace Implementation Programme (PIP)
(Cash only)
General Fund
Funded ongoing activities (FOA)
Capital projects (Cash only)
Special projects (Cash only)
Mainly recurrent costs
Mainly recurrent costs
Funded separately by individual donors
If no funds are forthcoming, FOAs revert to the General Fund
Non-recurrent and funded separately by individual donors
If no funds are forthcoming, capital projects are not implemented
Recurrent and funded separately by individual donors
If no funds are forthcoming, special projects are not implemented
Fully funded in cash, being phased out
(Implementation only against pledges / donations)

Figure 2. UNRWA: 1995 accounts


1995
Regular budget
Projects (extrabudgetary)
Extraordinary measures for Lebanon and the occupied territory (EMLOT)
General Fund, including funded ongoing activities
Expanded Programme of Assistance (EPA)
Gaza General Hospital
Peace Implementation Programme (PIP) (Cash only)
Mainly recurrent costs
Mainly recurrent costs
Fully funded in cash, being phased out
(Implementation only against pledges / donations)

II. FINANCIAL RESULTS FOR 1994

8. The Agency's income in 1994 to its regular programmes (non-project funds), comprising the General Fund, funded ongoing activities and the extraordinary measures for Lebanon and the occupied territory (EMLOT), amounted to $298.2 million against an expenditure of $265.8 million. Comparing 1994 income against expenditure shows a book surplus of $32.4 million in the Agency's regular programme budget. However, $38.4 million in pledges and contributions relating to 1993 were received and recorded in 1994. Eliminating this amount from the 1994 income figure leaves a net deficit of $6 million in the regular programme budget for 1994. At the end of 1994, the Agency's working capital - the excess of assets over liabilities - was $16.6 million, compared with $22.6 million at the end of 1993. (See annex II for the total income pledged and received from 1 January 1994 to 30 June 1995 against the entire 1994-1995 budget.)

9. Capital and special projects were budgeted at a level of $14.8 million for 1994. Of this amount, $11.2 million in projects remained unfunded at the end of 1994 and hence were not implemented.

III. FINANCIAL SITUATION IN 1995

10. The Agency's regular budget for 1994-1995 as presented to the General Assembly was $632.3 million. Of this amount, $323.2 million represent the 1995 portion: $290.6 million for the General Fund, $17.2 million for funded ongoing activities and $15.4 million for capital and special projects.

11. With the Agency having begun 1995 with a $6 million deficit, the financial prospects for the biennium were not favourable. The growth of contributions was not keeping pace with the rising number of UNRWA's beneficiaries and unavoidable cost increases due to inflation. Unexpected emergency needs arising in the area of operations required additional funds which also contributed to the deficit. In order to avoid a deterioration of its financial situation, UNRWA had introduced a number of austerity measures in early 1993. Those measures were carried forward into 1995, with a negative impact on the quality of Agency services. At the end of July 1995, UNRWA's estimated 1995 deficit was $16 million, which, if realized, would completely exhaust the Agency's working capital.

IV. EMERGENCY OPERATIONS

12. Separate from the operations covered by UNRWA's regular programme, the Agency continued in 1994 and 1995 to operate a special fund to cover emergency activities in Lebanon, the West Bank and the Gaza Strip under the title, Extraordinary measures for Lebanon and the occupied territory (EMLOT). Total expenditure in 1994 for those activities amounted to $13.4 million against a total income of $7.9 million, leaving a deficit of $5.5 million which had to be funded out of working capital. The total 1994-1995 EMLOT budget amounted to $33.6 million, of which $18.7 million was for 1994 and $14.9 million for 1995. EMLOT was being downsized and its activities would eventually be subsumed into the Agency's regular programme, with the exception of the Refugee Affairs Officer programme and related communications operations. The 1996-1997 EMLOT budget was substantially reduced to $4.5 million.

V. EXTRABUDGETARY OPERATIONS AND PROJECTS

13. The Agency continued to operate another special fund, the Expanded Programme of Assistance (EPA), with the goal of improving living conditions and infrastructure in the Agency's area of operations, with special emphasis on the West Bank and Gaza Strip. Unlike EMLOT, EPA is basically non-recurrent in nature. Current ongoing projects funded under EPA amount to some $48 million. Established in 1988, EPA became redundant with the establishment of the Peace Implementation Programme, and the Agency began to phase it out as projects were completed.

14. The Peace Implementation Programme (PIP) was introduced in October 1993 following the signing of the Declaration of Principles on Interim Self-Government Arrangements. It aimed to demonstrate to the refugee community throughout the region the tangible benefits of the peace process through projects to develop infrastructure, improve living conditions and generate employment. In addition to projects targeting basic infrastructure in the fields of education, health, and relief and social services, PIP included projects to expand the Agency's income-generation programme and improve environmental health infrastructure, primarily in the Gaza Strip. Projects under implementation funded under the first phase of PIP, which ended in September 1994, amounted to $85.7 million. The second phase (PIP II) placed greater emphasis on complementing projects undertaken by the Palestinian Authority, on minimizing recurrent costs and on the environmental health sector. PIP II projects under implementation amounted to $18.8 million at the end of July 1995.

15. Separate from the regular budget, emergency operations and other initiatives mentioned above, the Agency was engaged in fund-raising and construction of a 232-bed general hospital in the Gaza Strip - Gaza General Hospital. The revised total cost of this project was estimated at $66.5 million, of which $42.5 million represented construction and equipment costs and $24 million represented running costs for three years. At the end of July 1995, contributions and confirmed pledges amounting to some $40 million had been received towards the cost of the project. The Agency was seeking additional funding to cover operating costs. Construction was broadly on schedule and was expected to be completed in early 1996.

VI. BUDGET ESTIMATES FOR THE BIENNIUM 1996-1997

16. The Agency's proposed 1996-1997 General Fund biennial budget estimates are being submitted during the fiftieth session of the General Assembly in the present addendum to the Commissioner-General's report.

17. The Agency's total General Fund budget for the 1996-1997 biennium amounts to $666.6 million, as compared to the 1994-1995 approved biennium budget of $632.2 million. This represents an average annual increase of about 3 per cent. That growth rate represents the absolute minimum required to meet the increasing demand on the Agency's services caused by the natural growth of the refugee population and the necessity to cover minimal cost increases. That rate is lower than in previous bienniums, however, because under the Agency's new financial system, capital and special projects, amounting to $30.9 million, was shifted from the regular budget to the Peace Implementation Programme.

18. In addition to the above, it should also be noted that UNRWA, at the request of its donors, is including a special provision in the amount of $12.7 million yearly for termination indemnities for its approximately 21,000 area staff. The total amount required to cover the separation benefits of those staff is estimated at $127 million.

19. Table 1 shows the new format for the Agency's budgetary presentation. Previously, the regular programme was divided into three parts: the General Fund per se, funded ongoing activities (items originally in the General Fund that had received special funding) and capital and special projects (investments required to expand and improve the Agency's capital facilities, and ongoing activities which had received special funding yet which were not part of the Agency's core activities). To simplify this system, funded ongoing activities and special projects, which represent recurrent costs, have been consolidated with the General Fund. Capital projects have been shifted to the extrabudgetary Peace Implementation Programme, the two being non-recurrent in nature.

20. In the five-year financial and planning horizon proposed to the Agency's major donor and host Governments in March 1995, the Agency forecast certain budgetary savings associated with the move of its Vienna headquarters to the area of operations. Those savings are estimated at $8 million and will start to accrue some time after the new headquarters office building in Gaza Town is completed, probably by mid-1996. Any savings will depend, of course, on developments in the Gaza Strip which might affect the sequence of the move. Unforeseen expenditures, impossible to estimate at this time, would also affect this figure. The savings will derive mainly from lower salary and operating costs. Any savings will be temporarily placed in a contingency reserve to meet extraordinary costs associated with the move, especially for communications, computer equipment and other unforeseen expenses (see paragraph 73 on common costs). The Agency has also to take precautions in case voluntary contributions to finance the move fall short of the budgeted amount.

21. Tables 1, 2 and 3 show the proposed 1996-1997 budget. Table 1 compares 1996-1997 with 1994-1995 by programme and subprogramme. Table 2 shows the allocation between 1996 and 1997. Table 3 is a summary comparison between the 1996-1997 and 1994-1995 budgets by programme and service.

Table 1. General Fund: 1994-1995 approved biennium budget and 1996-1997 proposed biennial budget estimate

(Thousands of United States dollars)

General Fund	1994-1995 approved budget			1996-1997 proposed estimates		
	Cash	In kind	Total	Cash	In kind	Total
I. Education programme						
Elementary education	154 612	28	154 640	166 423	28	166 451
Preparatory education	106 485	35	106 520	115 136	45	115 181
Vocational and professional training	31 358	2 913	34 271	31 253	901	32 154
Other activities	10 615	674	11 289	11 445	1 018	12 463
Total	303 070	3 650	306 720	324 257	1 992	326 249
II. Health programme						
Environmental sanitation	20 866	139	21 005	19 946	138	20 084
Nutrition and supplementary feeding	644	22 865	23 509	206	21 177	21 383
Department of Environmental Affairs	567	304	871	1 486	333	1 819
Medical services	71 062	1 560	72 622	76 185	1 738	77 923
Total	93 139	24 868	118 007	97 823	23 386	121 209
III. Relief and social services programme						
Relief services	21 492	45 986	67 478	21 625	47 159	68 784
Social services	4 294	19	4 313	4 423	23	4 446
Income-generation			0	1 369		1 369
Total	25 786	46 005	71 791	27 417	47 182	74 599
IV. Operational services						
Supply and transport services	30 676	4 767	35 443	29 774	4 642	34 416
Architectural and engineering services	13 594		13 594	15 676	0	15 676
Production and self-supporting units	0	0	0	0	0	0
Total	44 270	4 767	49 037	45 450	4 642	50 092
V. Common services						
General management	35 530	159	35 689	37 220	164	37 384
Administrative services	51 051		51 051	57 065	0	57 065
Total	86 581	159	86 740	94 285	164	94 449
Total General Fund	552 846	79 449	632 295	589 232	77 366	666 598
Termination indemnities				25 400		25 400
Grand total	552 846	79 449	632 295	614 632	77 366	691 998

Table 2. General Fund: 1996-1997 proposed biennial budget estimates

(Thousands of United States dollars)

General Fund	1996 proposed estimates			1997 proposed estimates			1996-1997 proposed estimates		
	Cash	In kind	Total	Cash	In kind	Total	Cash	In kind	Total
I. Education programme									
Elementary education	81 933	14	81 947	84 490	14	84 504	166 423	28	166 451
Preparatory education	54 856	22	54 878	60 280	23	60 303	115 136	45	115 181
Vocational and professional training	15 672	444	16 116	15 581	457	16 038	31 253	901	32 154
Other activities	5 664	502	6 166	5 781	516	6 297	11 445	1 018	12 463
Total	158 125	982	159 107	166 132	1 010	167 142	324 257	1 992	326 249
II. Health programme									
Environmental sanitation	9 944	69	10 013	10 002	69	10 071	19 946	138	20 084
Nutrition and supplementary feeding	102	10 221	10 323	104	10 956	11 060	206	21 177	21 383
Department of Environmental Affairs	743	164	907	743	169	912	1 486	333	1 819
Medical services	37 850	856	38 706	38 335	882	39 217	76 185	1 738	77 923
Total	48 639	11 310	59 949	49 184	12 076	61 260	97 823	23 386	121 209
III. Relief and social services programme									
Relief services	10 779	22 934	33 713	10 846	24 225	35 071	21 625	47 159	68 784
Social services	2 197	11	2 208	2 226	12	2 238	4 423	23	4 446
Income-generation	646		646	723		723	1 369	0	1 369
Total	13 622	22 945	36 567	13 795	24 237	38 032	27 417	47 182	74 599
IV. Operational services									
Supply and transport services	14 859	2 242	17 101	14 915	2 400	17 315	29 774	4 642	34 416
Architectural and engineering services	7 820		7 820	7 856		7 856	15 676	0	15 676
Production and self-supporting units			0			0	0	0	0
Total	22 679	2 242	24 921	22 771	2 400	25 171	45 450	4 642	50 092
V. Common services									
General management	19 098	82	19 180	18 122	82	18 204	37 220	164	37 384
Administrative services	27 760		27 760	29 305		29 305	57 065	0	57 065
Total	46 858	82	46 940	47 427	82	47 509	94 285	164	94 449
Total General Fund	289 923	37 561	327 484	299 309	39 805	339 114	589 232	77 366	666 598
Termination indemnities	12 700		12 700	12 700		12 700	25 400	0	25 400
Grand total	302 623	37 561	340 184	312 009	39 805	351 814	614 632	77 366	691 998

Table 3. General Fund: Summary by programme and services, 1994-1995 approved budget and 1996-1997 proposed biennial budget estimates

(Thousands of United States dollars)

Programme/service	1994-1995 approved budget				1996-1997 proposed estimates			
	Cash	In kind	Total	Per cent	Cash	In kind	Total	Per cent
Education programme	303 070	3 650	360 720	(48.5)	324 257	1 992	326 249	(48.9)
Health programme	93 139	24 868	118 007	(18.7)	97 823	23 386	121 209	(18.2)
Relief and social services programme	25 786	46 005	71 791	(11.3)	27 417	47 182	74 599	(11.2)
Operational services	44 270	4 767	49 037	(7.8)	45 450	4 642	50 092	(7.5)
Common services	86 581	159	86 740	(13.7)*	94 285	164	94 449	(14.2)*
Total	552 846	79 449	632 295		589 232	77 366	666 598	
Termination indemnities					25 400		25 400	
Grand total	552 846	79 449	632 295		614 632	77 366	691 998	

* Unadjusted. See annex W for a comparison of common services costs to total costs.

VII. STAFFING AND NON-STAFF COSTS

A. Staffing

22. Staff costs make up the largest part of UNRWA's operational budget (68.2 per cent), as shown in table 4, parts I, II and IV. These costs are carefully controlled and monitored throughout the budget period. The planning assumptions for the 1996-1997 budget were: (a) to allow an increase in the education, health, and relief and social services programmes to meet additional requirements due to natural growth in the refugee population, and (b) to freeze staffing levels in operational and common services in spite of increasing demands for programme support. Table 5 contains the staffing table of the Agency. It indicates the source of funding (regular budget and extrabudgetary funds) and shows the total number of staff employed. Efforts to improve the productivity of staff are continuing through Agency-wide training programmes and the introduction of improved equipment and facilities. Figure 3 shows the distribution of local area posts by field for 1996-1997. It should be noted that UNRWA area staff are paid by reference to their counterparts in Governments in the area of operations and not by reference to the United Nations common system (General Service staff) who are paid according to the best prevailing conditions.

23. The total number of General Fund budget area staff posts in the Agency in 1994-1995 is 20,555. It is planned that this number will increase by 1,163 posts to a total of 21,718 posts in 1996-1997, representing an increase of 5.66 per cent over two years, or 2.83 per cent per year. The majority (835) of the new posts are teaching posts required to meet natural growth in the school population and to cater to the enhanced curriculum introduced in schools in Jordan and the West Bank. Table 6 shows area staff posts by major occupational category.

Table 4. Summary of the budget estimates classified by expenditure groups

(Thousands of United States dollars)

Description	1994-1995 approved biennial budget	1996-1997 proposed biennial budget
I. UN-funded staff costs		
International	20 440	22 719
II. UNRWA-funded staff costs		
International	5 601	7 934
Locally recruited	381 498	420 703
Total	387 099	428 637
III. Other costs		
General stores	20 515	24 724
Medical supplies	11 446	13 803
Automotive supplies	3 517	3 450
Basic commodities (fresh food)	1 551	1 563
Rent	2 710	2 733
Utilities	4 459	3 688
Construction	2 168	3 011
Maintenance of premises and equipment	9 139	10 947
Equipment (including vehicles)	10 190	10 050
Subsidies	14 991	18 657
Hospitalization	12 724	14 250
Reserves a/	10 045	18 127
Travel	4 773	3 240
Communications	2 106	2 278
Training	1 147	1 318
Hire of transport	908	1 567
Port and customs fees	559	2 235
Insurance	639	628
Miscellaneous services b/	9 278	12 897
Contras and miscellaneous income	(7 803)	(11 290)
Total	115 062	137 876
Total I-III	522 601	589 232

Description	1994-1995 approved biennial budget	1996-1997 proposed biennial budget
IV. Supplies and services in kind		
1. International staff costs	4 941	3 324
2. Other costs		
Basic commodities	71 361	72 094
Rent	265	255
Utilities	138	138
Hire of transport	1 053	341
Port and customs fees	1 671	1 180
Miscellaneous services	20	34
Subtotal 2	74 508	74 042
Total IV	79 449	77 366
Total I-IV	602 050	666 598
V. Capital and special projects	30 245	
VI. Termination indemnities		25 400
Grand total	632 295	691 998

a/ Includes a move-savings reserve in the amount of $8,795 million.

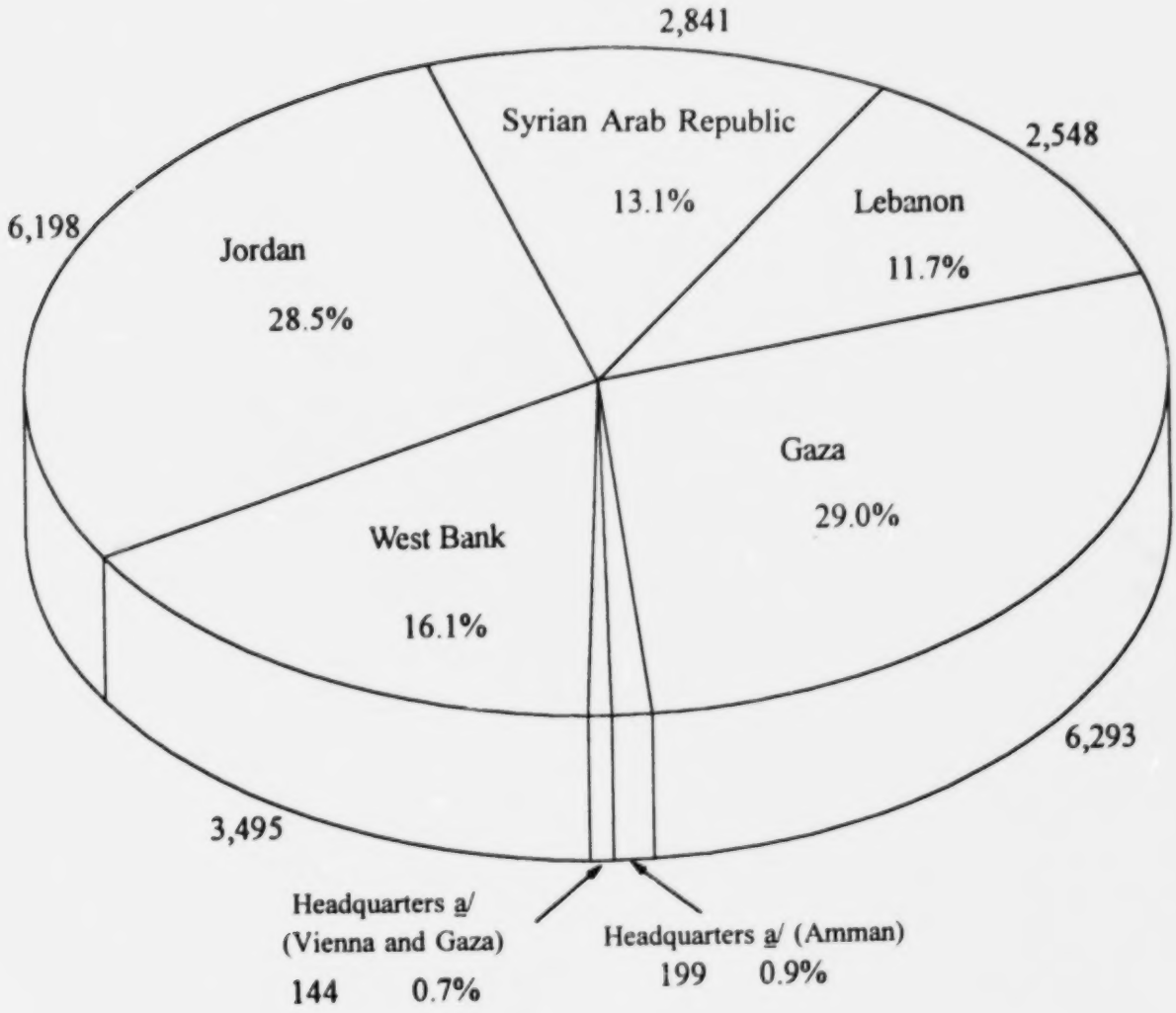
b/ 1996-1997 figure includes the cost of 764 contract teachers at $4.069 million.

Table 5. Staff posts by grade

Description	Established posts United Nations		Posts per UNRWA's budget		Post provided by WHO, UNESCO and UNICEF		Grand total	
	1994-1995	1996-1997	1994-1995	1996-1997	1994-1995	1996-1997	1994-1995	1996-1997
Professional and above								
USG	1	1					1	1
ASG	1	1					1	1
D-2	1	1	1	1	2	2	4	4
D-1	10	10		1			10	11
P-5	16	16	6	7	7	5	29	28
P-4	36	36	16	11	9	3	61	50
P-3	15	15	5	10			20	25
P-2/1	2	2	2	2	2	—	6	4
Subtotal	82	82	30	32	20	10	132	124
General Service								
Other services	10	10	—	—	—	—	10	10
Subtotal	10	10	0	0	0	0	10	10
Area staff								
G-20			2	2			2	2
19			11	11			11	11
18			5	5			5	5
17			19	19			19	19
16			113	116			113	116
15			155	167			155	167
14			322	369			322	369
13			86	89			86	89
12			584	613			584	613
11			293	294			293	294
10			2 949	3 012			2 949	3 012
9			2 516	2 547			2 516	2 547
8			5 670	6 202			5 670	6 202
7			1 574	1 607			1 574	1 607
6			1 885	2 175			1 885	2 175
5			888	921			888	921
4			154	154			154	154
3			168	175			168	175
2			349	355			349	355
1			2 812	2 885			2 812	2 885
Subtotal	0	0	20 555	21 718	0	0	20 555	21 718
Grand total	92	92	20 585	21 750	20	10	20 697	21 852

Figure 3. Local area posts

(1996-1997 General Fund budget)



Total number of posts: 21,718

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a/ Headquarters accounts for only 1.6 per cent of the total number of area posts.

Table 6. Area staff posts by major occupational category

Occupational category	1994-1995		1996-1997		Increase
Teaching posts		12 339		13 174	835
Instructors		541		545	4
Professors		22		29	7
School attendants		812		841	29
Doctors/dentists		274		313	39
Nurses		592		637	45
Assistant pharmacists		128		146	18
Midwives		168		176	8
Laboratory technician/helper		118		127	9
Sanitation labourers		1 141		1 145	4
Engineers		159		160	1
Drivers		371		372	1
Social workers		169		191	22
Manual labour:					
Cleaners	460		475		15
Labourers	171		184		13
Kitchen workers	70		70		
Messengers	57		57		
Distributers	68		71		3
Cooks	24		25		1
Launderers	28		28		
Guards	368	1 246	391	1 301	23 55
Office clerks		563		586	23
Typists/secretaries		278		292	14
Education administration posts		287		290	3
Health administration posts		144		144	
Relief administration posts		171		201	30
Operational services administration posts		118		119	1
Common services administration posts		256		271	15
Other miscellaneous posts		658		658	
Total		20 555		21 718	1 163

B. Non-staff costs

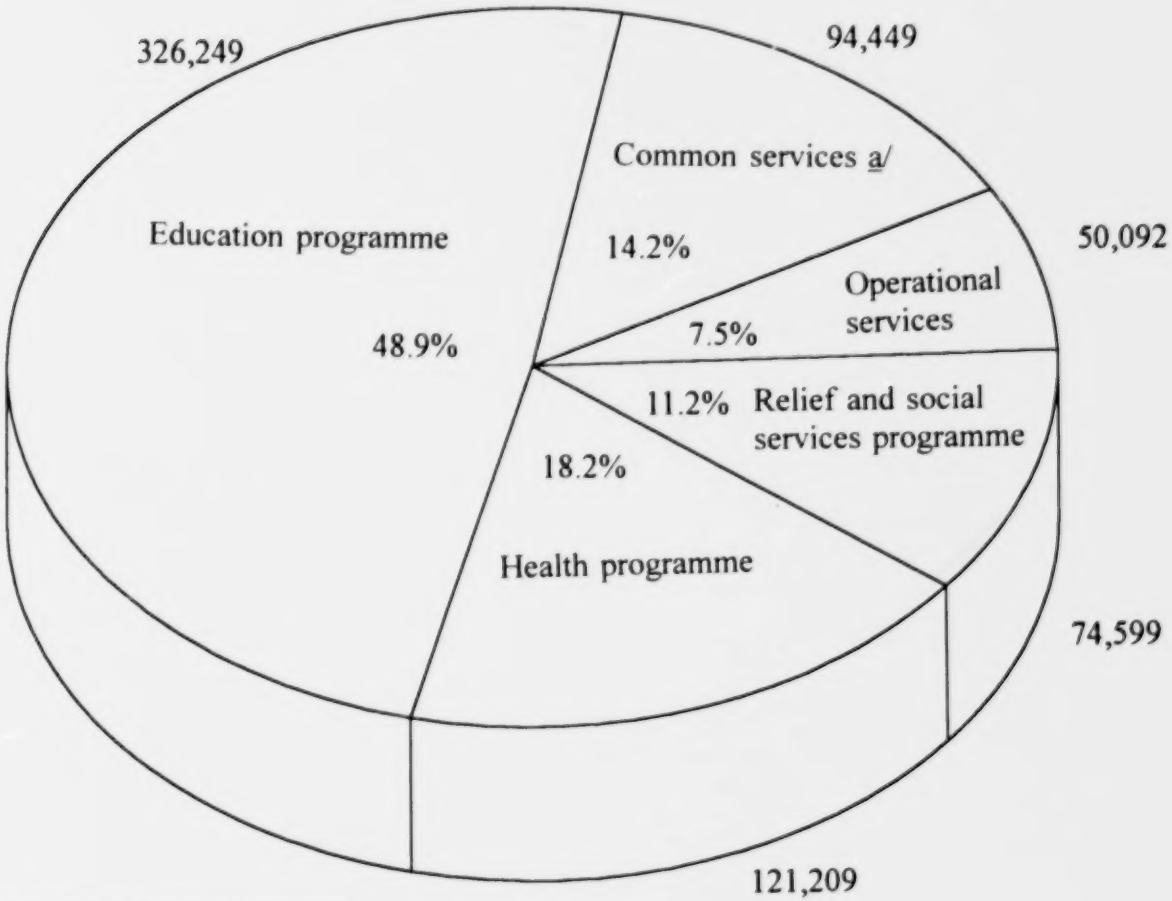
24. Budgeted expenditure on non-staff costs in 1996-1997 under the regular programme budget is $201.9 million (see table 4, parts III and IV), compared to $189.6 million in 1994-1995. This constitutes a 6.48 per cent increase for the biennium, or 3.24 per cent per year. The major increase in 1996-1997 results from the increase in the number of beneficiaries served and from inflation. The costs of general stores, medical supplies, hospitalization and subsidies, port and customs charges and other miscellaneous services are expected to increase, whereas costs of automotive supplies, utilities, equipment and travel are expected to decrease in the new biennium.

VIII. PROGRAMMES AND SERVICES

25. UNRWA is currently operating three regular substantive programmes (education, health, and relief and social services) providing direct services to the Palestine refugees. In addition, UNRWA provides operational and common services in support of the substantive programmes, which are at times also referred to as services. The 1996-1997 proposed budget by share of each programme and service is shown in figure 4.

Figure 4. 1996-1997 proposed biennial budget - cash and in kind

(Thousands of United States dollars)



Total budget: 666,598

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a/ The common services portion is unadjusted. See annex IV for an analysis of common services costs against total costs.

A. Education programme

Table 7. Education programme

	Gaza	Lebanon	Syrian Arab Republic	Jordan	West Bank	Head-quarters	Total
	(Thousands of United States dollars)						
1992-1993 expenditure	73 222	31 258	32 833	83 774	42 523	5 730	269 340
1994-1995 approved budget	80 949	34 834	26 147	90 962	49 367	24 461	306 720
1996-1997 proposed budget	87 405	34 760	27 134	99 083	49 256	28 611	326 249
Number of students							
1994-1995	118 406	35 207	60 743	149 932	44 573		408 861
1995-1996	126 022	35 899	61 555	148 641	45 564	-	417 681
1996-1997	133 332	36 532	62 140	148 139	46 669		426 816
Number of area staff							
1994-1995	3 942	1 525	2 037	4 958	1 980	67	14 509
1996-1997	4 512	1 555	2 079	4 965	2 214	67	15 392

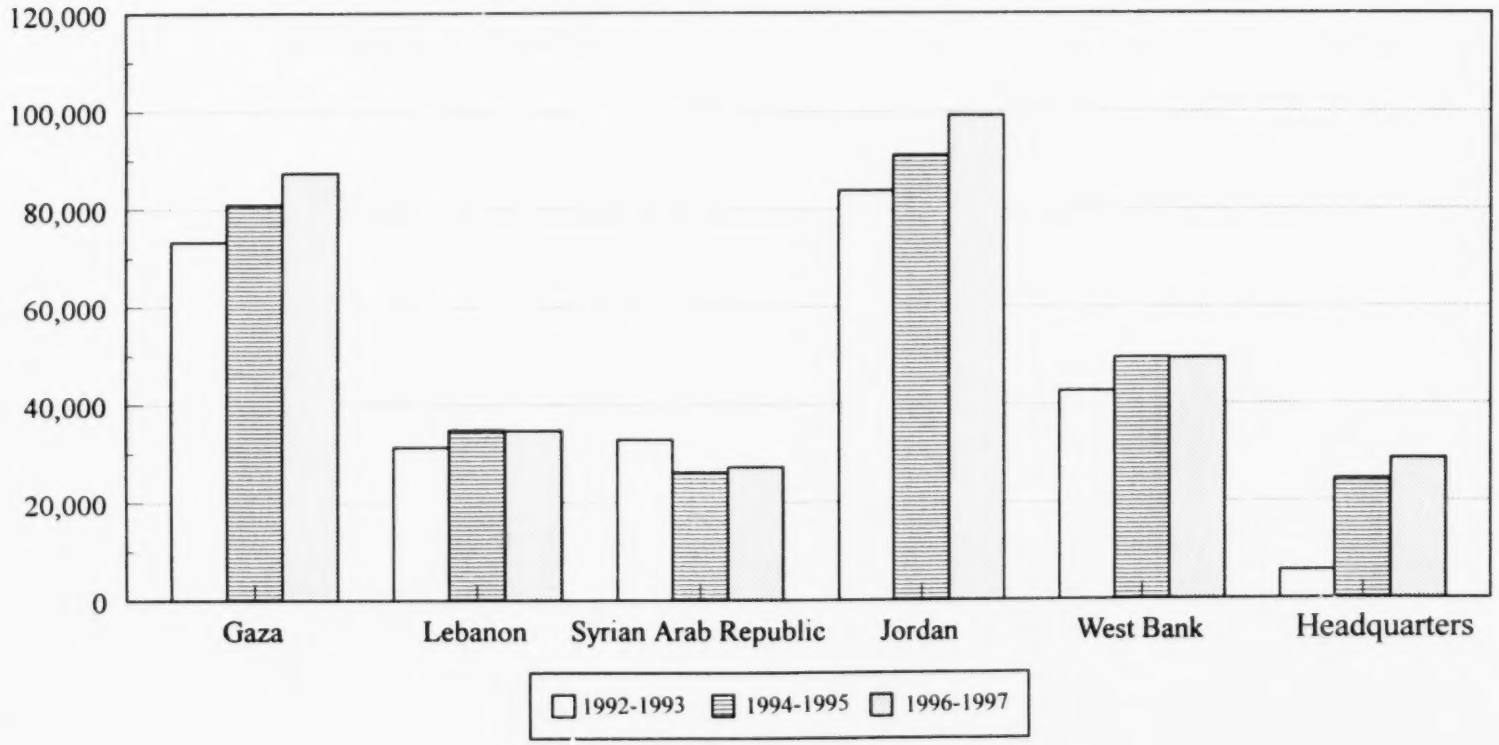
26. Estimated costs for the education programme amount to $326.2 million in 1996-1997, an increase of $19.5 million, or 6.37 per cent, over the 1994-1995 approved budget. The increase in the budget at headquarters is due to the inclusion of provisions for salary adjustments for area staff Agency-wide. These provisions have not yet been allocated to programmes and fields. The education programme expenditure and budget position is shown in figure 5.

27. Education is the Agency's largest programme. It includes the basic cycle of elementary and preparatory education for refugee children, which accounts for 86.3 per cent of total education expenditure. The refugee population growth rate of about 3.5 per cent per year requires substantial increases in the teaching staff and new classrooms to keep pace with the school population, which will grow from 408,861 pupils in 1994-1995 to 426,816 at the end of the 1996-1997 biennium. Figure 6 shows the trend of this increase.

28. The proposed budget provides for 835 new teaching positions over the two-year period. Figures 7 and 8 show the number of pupils and staff by field.

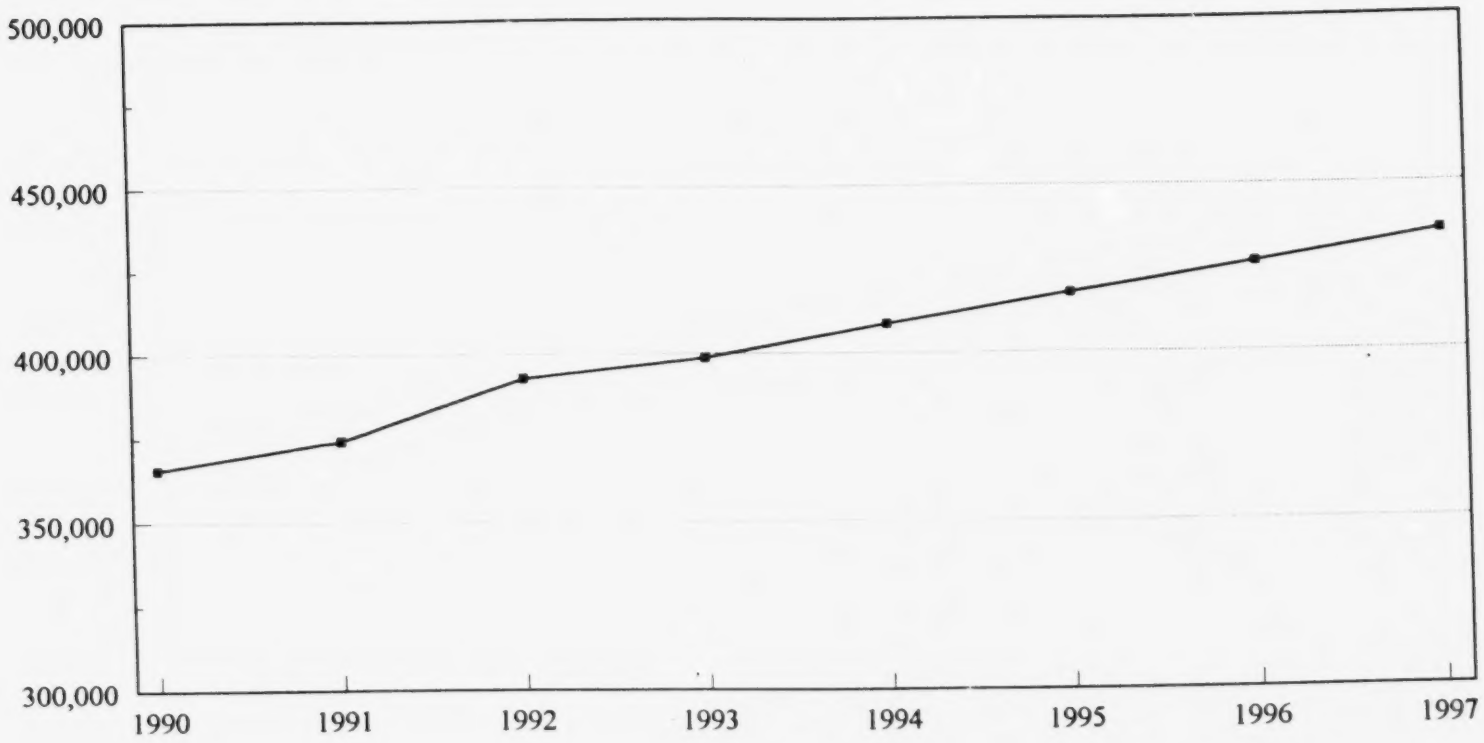
Figure 5. Education programme: expenditure and budget, 1992-1997 a/

(Thousands of United States dollars)



a/ 1992-1993 figures represent actual expenditure incurred; 1994-1995 figures represent budget allotments; 1996-1997 figures represent proposed budget estimates.

Figure 6. Enrolment in UNRWA schools, 1990-1997 a/



a/ 1990-1994 actual figures; 1995-1997 projected figures.

Figure 7. Education programme: number of students

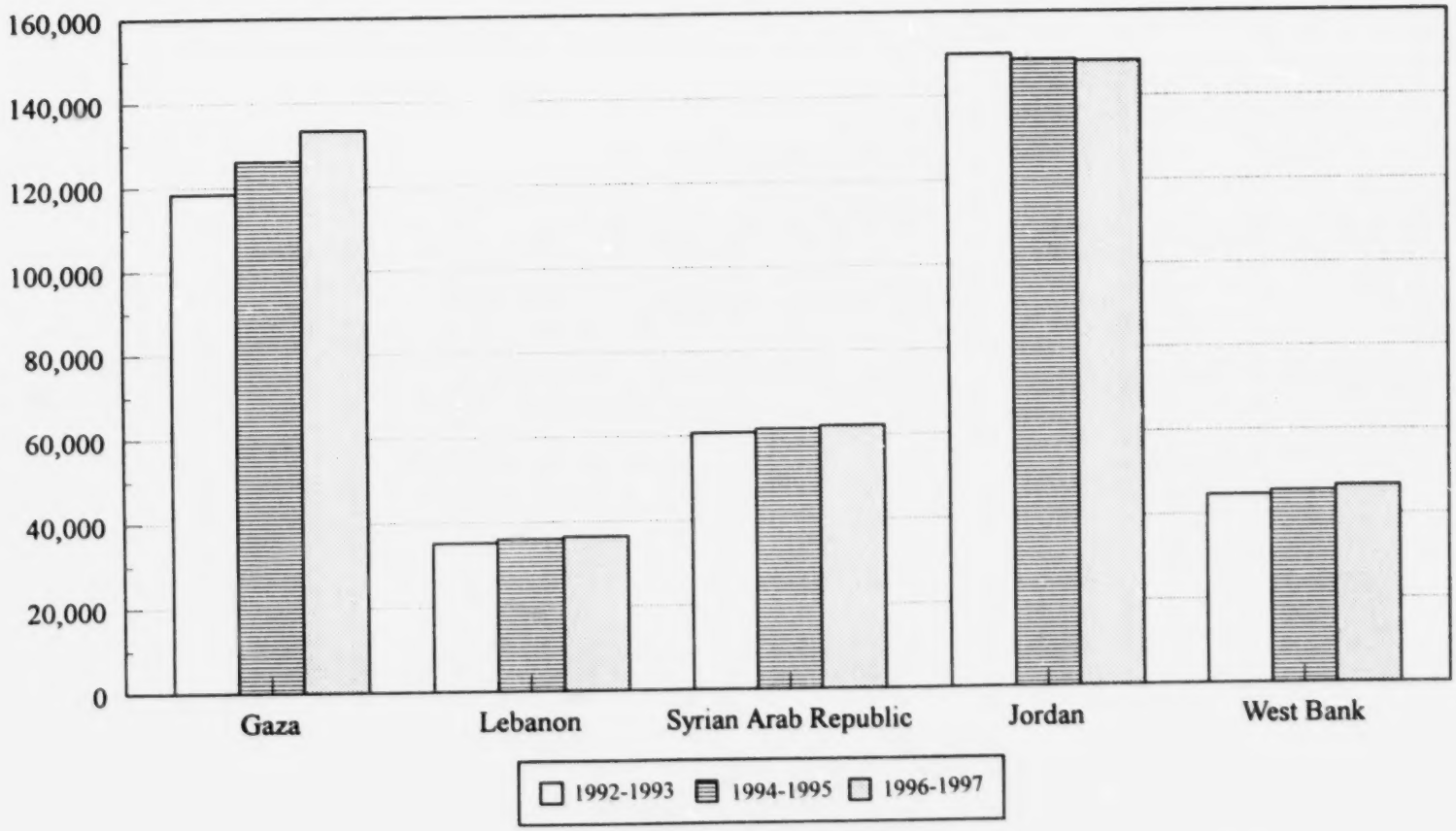
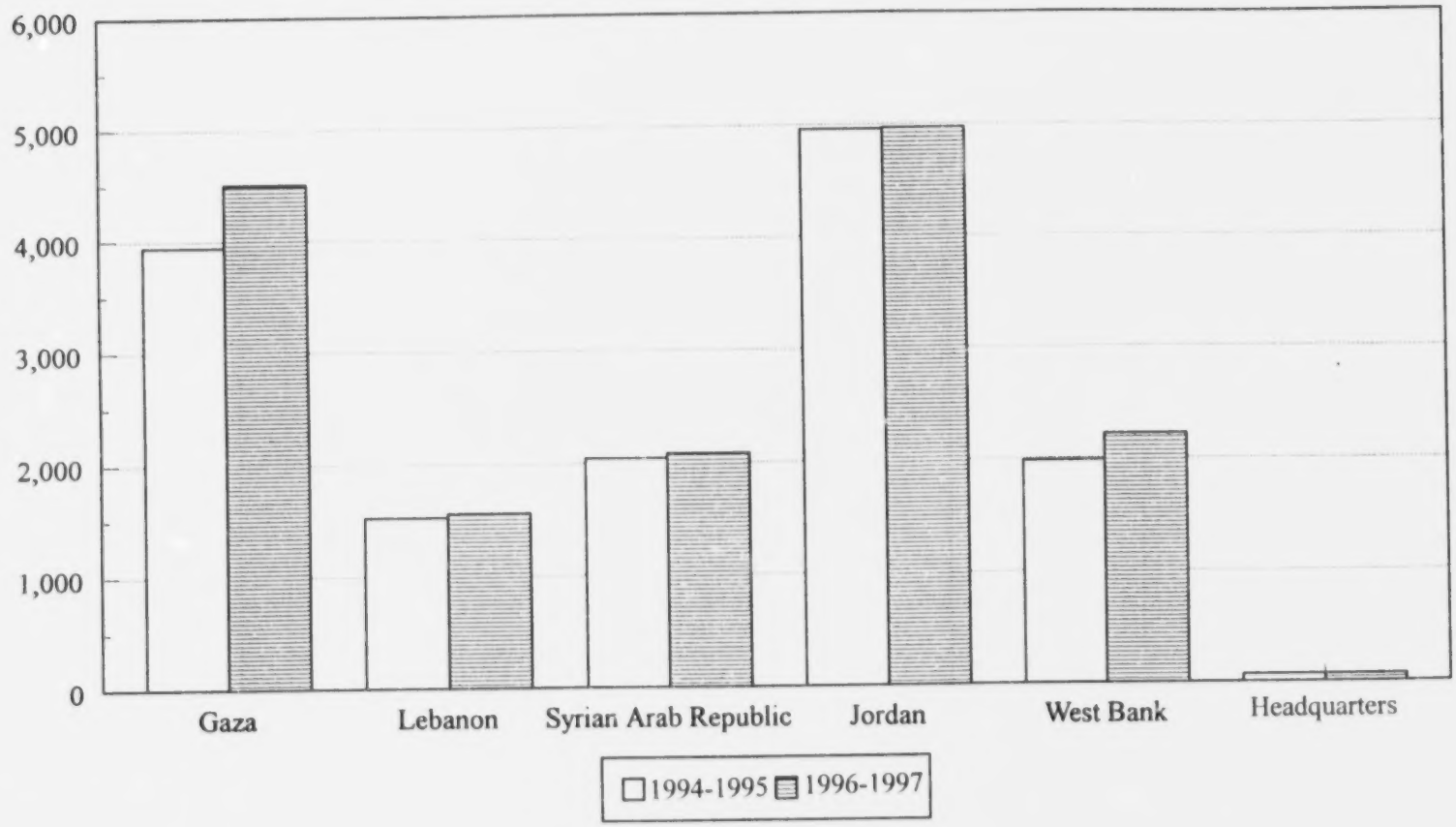


Figure 8. Education programme: number of area staff



General education

29. The aim of the general education subprogramme is to provide pupils with a sound basic education, within the framework of the prescribed school curricula of the host Governments and in accordance with the cultural heritage and educational needs of Palestine refugees.

30. The subprogramme covers the school grades for which the host Governments mandate compulsory education: grades 1-9, and in Jordan and Lebanon grades 1-10. Because the Government of Jordan has recently added a tenth year to its general education cycle, UNRWA should have added a tenth year in the West Bank also starting in 1993-1994. Owing to financial constraints, the implementation of that plan was postponed until the 1996/97 school year. UNRWA operates one secondary school in Beirut. In general, Palestine refugee students at this level attend private or government schools, in the latter case free of charge.

31. Pupils generally enter the education cycle at age 6. In the 1994/95 academic year, the subprogramme served 408,669 pupils: 279,204 in the elementary cycle (grades 1-6) and 129,465 in the preparatory or lower secondary cycle (grades 7-9 or 7-10). Table 8 shows the relationship between UNRWA schools, pupils and teachers for the 1994/95 school year.

Table 8. UNRWA schools, pupils and teachers, 1994/95 school year

	Schools				Pupils				Teaching staff a/
	Elementary	Preparatory	Secondary	Total	Elementary	Preparatory	Secondary	Total	
Male	132	138	-	270	140 800	65 420	108	206 328	6 274
Female	127	143	-	270	138 404	64 045	84	202 533	5 670
Co-education	65	38	1	104	-	-	-	-	
Total	324	319	1	644	279 204	129 465	192	408 861	11 944

a/ Including head teachers and assistant head teachers; however, excluding teacher posts filled on a temporary assistance basis and additional teacher intake planned for the 1995/96 school year.

32. UNRWA schools continue to operate on a very economical basis, with an average of 40.3 pupils per teacher at the elementary level and 30.3 at the preparatory level. The annual cost per pupil enrolled is also very low by regional as well as international standards, averaging about $266 per pupil for the elementary level and $371 per student for the preparatory level. The cost per pupil varies among fields because of differences in salary scales, class occupancy rates, the extent of double shifting and the size of each field's budget. Of the 14,509 staff members serving in the Agency's education programme, 11,944 are involved directly in classroom teaching duties.

33. UNRWA was one of the first school systems in the Middle East to achieve, in the 1960s, equitable enrolment of boys and girls. In 1994-1995, 49 per cent of pupils were girls. Table 9 gives a breakdown of UNRWA school premises and gender enrolment in 1994-1995.

Table 9. UNRWA school premises

	UNRWA-owned	Rented	Rent-free	Total
Male	124	17	1	142
Female	117	20	1	138
Co-education	33	34	5	72
Male/female occupancy a/	40	18	2	60
Total	314 b/	89	9	412

a/ School building used as a girls/boys school in the morning shift and as a boys/girls school in the afternoon shift.

b/ Including five prefabricated school buildings.

34. An area of major concern is the heavy reliance on double shifts in many of the elementary and preparatory schools and the seriously overcrowded conditions in most schools. UNRWA operates 412 school buildings, which in fact function as 644 schools because approximately three quarters of UNRWA schools operate two shifts. Besides overcrowding, many schools are dilapidated: 22 per cent are rented and five buildings are prefabricated "temporary" structures over 25 years old. The accelerating growth of the school-age refugee population, particularly in the Gaza Strip, the West Bank and Lebanon, is outpacing the Agency's ability to obtain funding for new classroom construction. However, by mid-1995, the Agency had received a total of $42 million in pledges and contributions to improve its education infrastructure in the five fields of operation through PIP donor funds and other sources. The Agency completed construction of 17 new schools to replace unsatisfactory rented or prefabricated premises, 9 additional classrooms to avoid triple shifting or to replace unsafe classrooms, and 9 specialized rooms such as libraries and science laboratories. An additional 39 schools, 90 classrooms and 6 specialized rooms were under construction.

35. The quality of education provided in Agency schools is monitored closely through regular examinations. Over the last decade, success rates for UNRWA students in host country examinations have been very high. Of special concern, however, is the academic achievement of UNRWA pupils in the West Bank and Gaza Strip, owing to the cumulative effects of the disruption of schools over the past eight years. Education services continue to suffer from the restrictions on movement imposed by the Israeli authorities. The requirement that West Bank residents obtain permits to travel to Jerusalem or Gaza and that Gaza residents obtain permits to travel to Jerusalem or the West Bank effectively denies students and teachers access to schools and training centres outside their area of residence. The long-term impact of the cumulative disruption in students' education since the outbreak of the intifadah in 1987 continues to be felt in students' academic performance. To help improve achievement levels, UNRWA continues to develop remedial plans based on diagnostic tests, curriculum enrichment materials and self-learning kits.

Vocational and technical training

36. UNRWA operates eight vocational and technical training centres, offering 49 courses. Three centres are located in the West Bank, two in Jordan and one each in the Gaza Strip, the Syrian Arab Republic and Lebanon. Most centres are residential as well as serving day students. Gaza training centre is the only day centre.

37. The Agency's centres offer two types of training: vocational courses, which require for admission completion of the third grade of preparatory education (nine years); and semi-professional technical and commercial courses, which require for admission 12 years of general education (elementary, preparatory and secondary). Vocational courses cover the mechanical/metal, electrical and building trades. Typical titles are automotive electrician, diesel and office machine mechanics, construction worker, plumber, welder and dressmaker. In 1995, 4,568 training places were available. Post-secondary semi-professional courses cover a broad range of paramedical, commercial and technical/technological fields. Typical courses include those for architectural/mechanical draughtsman, electronics, laboratory technician, assistant pharmacist, business and office practice. In 1994-1995, 4,350 trainees were enrolled, including 1,100 women. Enrolment for the 1996-1997 biennium, for both vocational and post-secondary semi-professional courses, was expected to be approximately 4,650 students, of whom about 1,200 will be women. In addition, Agency training centres offer short-term courses of 12 to 40 weeks' duration to train students as plumbers, electricians, construction workers, bricklayers, computer operators and executive secretaries. In the 1994/95 school year, 185 trainees benefited from those courses, which were offered in all fields except the Syrian Arab Republic. The selection of courses offered was also reoriented to give more emphasis to the employment market in the five fields of operation, to make greater use of UNRWA's vocational training capabilities and to support local income-generation projects sponsored by the Agency.

38. The centres, designed in the 1950s with the help of UNESCO, have earned a high reputation in the Middle East. Ramallah Women's Training Centre, established in the mid-1960s, was in fact the first residential community college for women in the Arab world. Nearly 50,000 Palestine refugees have graduated from UNRWA's vocational/technical education subprogrammes since 1952.

39. Although the Agency's four training centres in the West Bank and Gaza Strip experienced less disruption in 1994-1995 than in previous years, male students from the Gaza Strip experienced particular difficulty in attending the Agency's Ramallah and Kalandia training centres.

Pre-service teacher training

40. In addition to vocational and technical training, UNRWA has offered two-year pre-service teacher training at the community college level for over 30 years. By 1995, nearly 15,100 young men and women had graduated from that programme. In September 1993, in response to a Jordanian Government requirement that teachers in the basic education cycle should possess four-year university diplomas, the Agency established the Educational Sciences Faculty (ESF) at the Amman and Ramallah training centres. The ESF provides a four-year pre-service programme which grants university degrees in several teaching specializations. At the end of the 1994/95 school year, 585 pre-service teacher trainees were enrolled.

In-service teacher training

41. ESF also offers a three-year in-service programme aimed at upgrading the qualifications of UNRWA teachers holding two-year teacher training diplomas to the first university degree level. In 1994-1995, 365 UNRWA teachers were enrolled in that programme. In addition, a total of 634 head teachers, school supervisors and instructors took advantage of the Agency's regular in-service training programme during 1994-1995, which culminated in two-year education diplomas for teachers with secondary-level qualifications, year-long courses to orient teachers to new curricula introduced by host Governments, general courses in teaching methodology and year-long courses to enhance skills in education administration. Regular in-service training programmes were developed by the UNRWA Institute of Education at headquarters, Amman, and were implemented by separate education development centres in each field.

University scholarships

42. University scholarships are awarded to students on the basis of performance in the general secondary school examination (tawjihi). In 1994-1995, the Agency awarded scholarships to 863 Palestine refugee students, of whom 371 were women, for study at 48 different universities in 11 countries in the region. The one-year scholarships ranged in value from $250 to $2,500 and were renewable until the recipient had reached the first university degree level. Nearly 70 per cent of the total amount granted in scholarships was funded by special contributions. Scholarship recipients pursued a wide range of specializations, including arts, dentistry, education, engineering, medicine and sciences.

B. Health programme

Table 10. Health programme

	Gaza	Lebanon	Syrian Arab Republic	Jordan	West Bank	Headquarters	Total
			(Thousands of United States dollars)				
1992-1993 expenditure	26 194	17 088	11 082	19 717	24 757	3 638	102 476
1994-1995 approved budget	29 586	16 188	10 615	22 578	29 016	10 024	118 007
1996-1997 proposed budget	33 586	17 362	10 428	23 179	27 439	9 215	121 209
Number of beneficiaries							
1994-1995	706 600	352 700	345 100	1 312 500	536 200	-	3 253 100
1996-1997	794 600	374 800	371 700	1 471 700	587 100		3 599 300
Number of area staff							
1994-1995	811	536	424	792	633	18	3 214
1996-1997	922	542	426	811	661	18	3 380

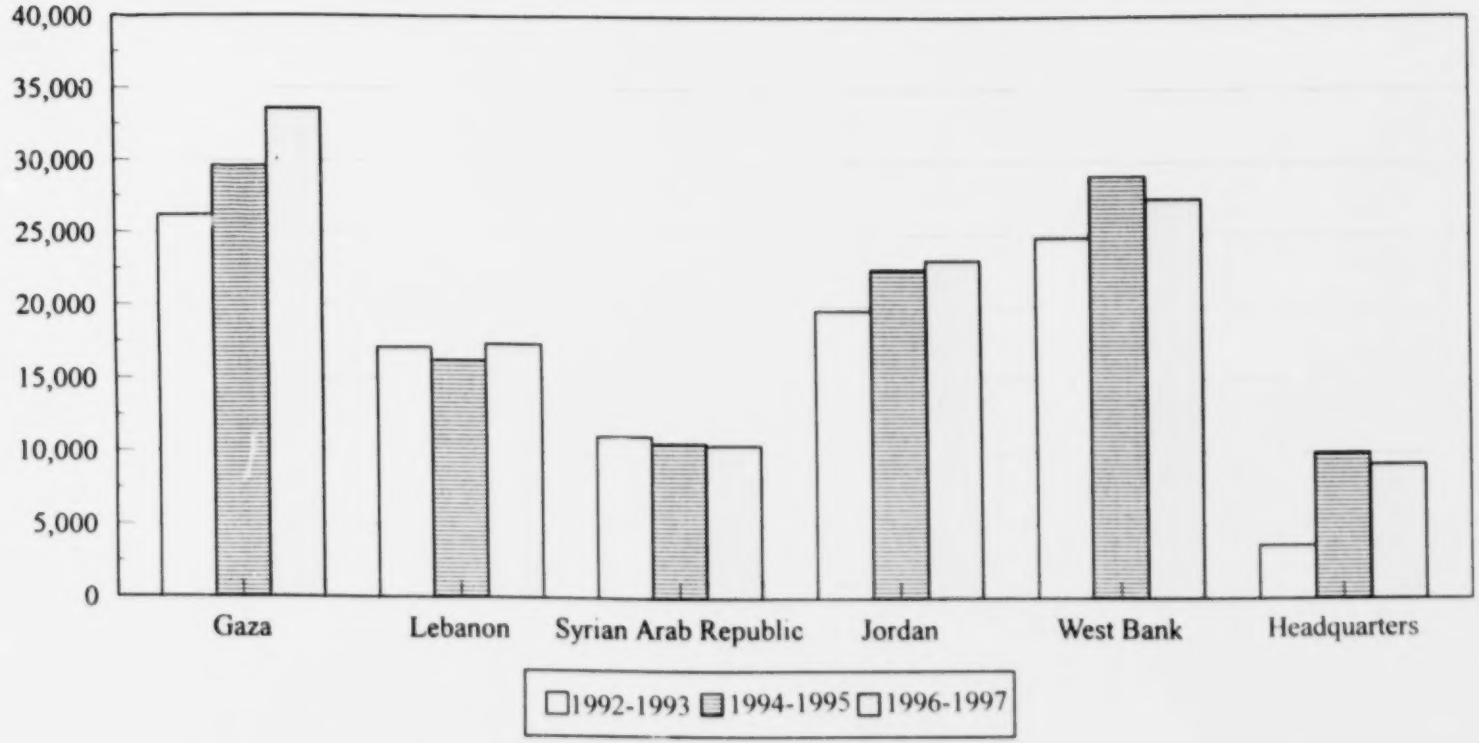
43. Estimated costs for the health programme amount to $121.2 million in 1996-1997, an increase of $3.20 million, or 2.71 per cent, over the 1994-1995 approved budget. The budget at headquarters includes a provision for salary adjustments for area staff Agency-wide. Those provisions have not yet been allocated to programmes and fields. The expenditure and budget position of the programme by field is shown in figure 9.

44. The aim of the health programme is to provide essential health services to eligible Palestine refugees on a level consistent with the public health programmes that host Governments provide for their own population. These services comprise medical care (both preventive and curative), maternal and child health services, family planning services, secondary care such as hospitalization and other referral services, and environmental health in refugee camps.

45. The UNRWA Health Department employed 3,214 professional and auxiliary health staff in 1994-1995, including 274 doctors and dentists, 760 nurses, hygienists and midwives, and 246 paramedical staff, to deliver primary health care services to some 3.2 million Palestine refugees eligible for health services. Figures 10 and 11 show the number of beneficiaries and staff, actual and projected, in the health programme. The number of area health staff in proportion to the number of beneficiaries is higher in the Gaza Strip than in other fields owing to several factors: additional staff are required for double shifts in six out of nine camp health centres and for afternoon duty hours in other centres; ambulance drivers and assistants are on 24-hour call; and Gaza is the only field which has maternity wards attached to health centres which must be fully staffed and operational round the clock.

Figure 9. Health programme: expenditure and budget, 1992-1997 a/

(Thousands of United States dollars)



a/ 1992-1993 figures represent actual expenditure incurred; 1994-1995 figures represent budget allotments; 1996-1997 figures represent proposed budget estimates.

Figure 10. Health programme: number of beneficiaries

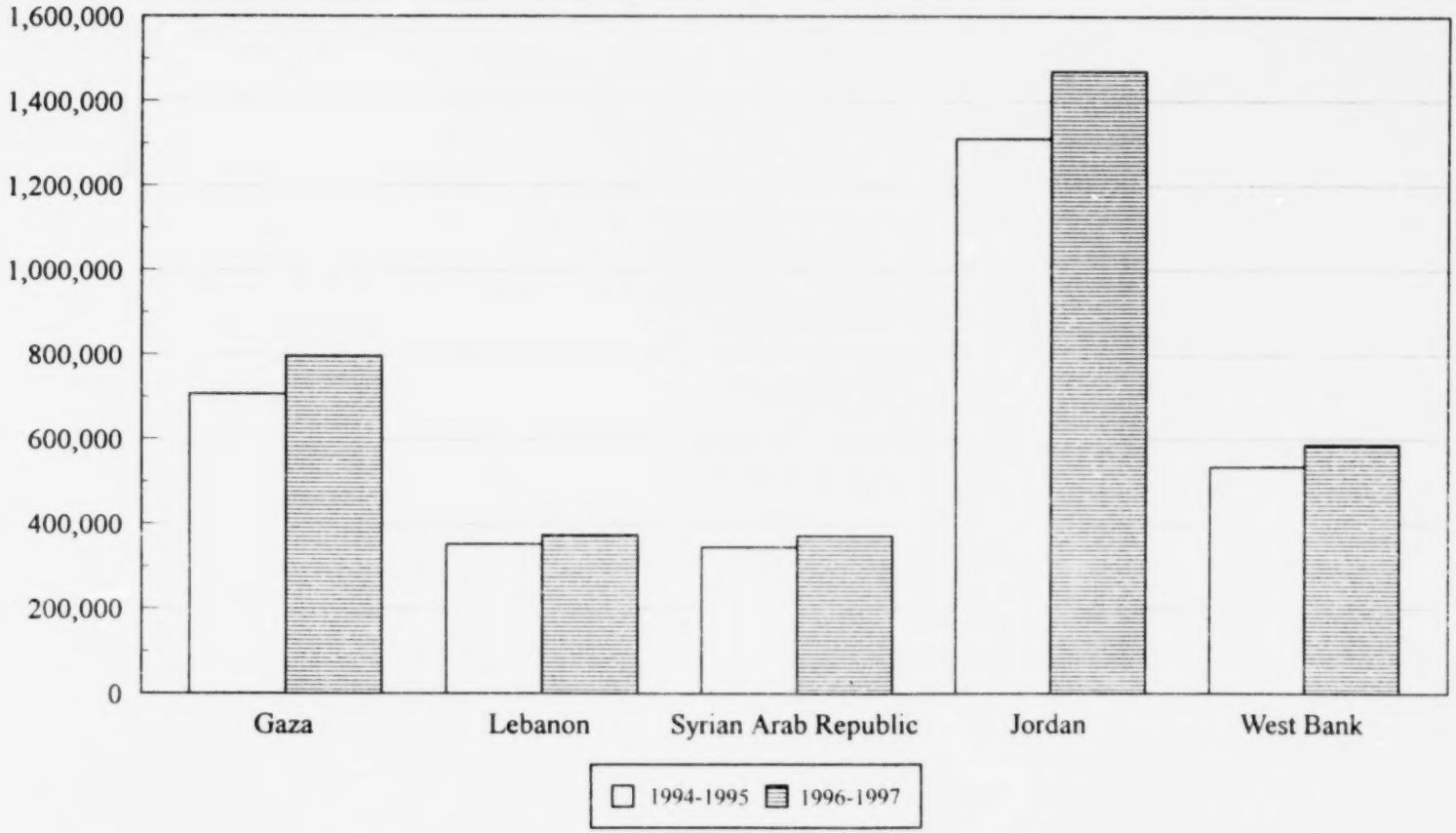
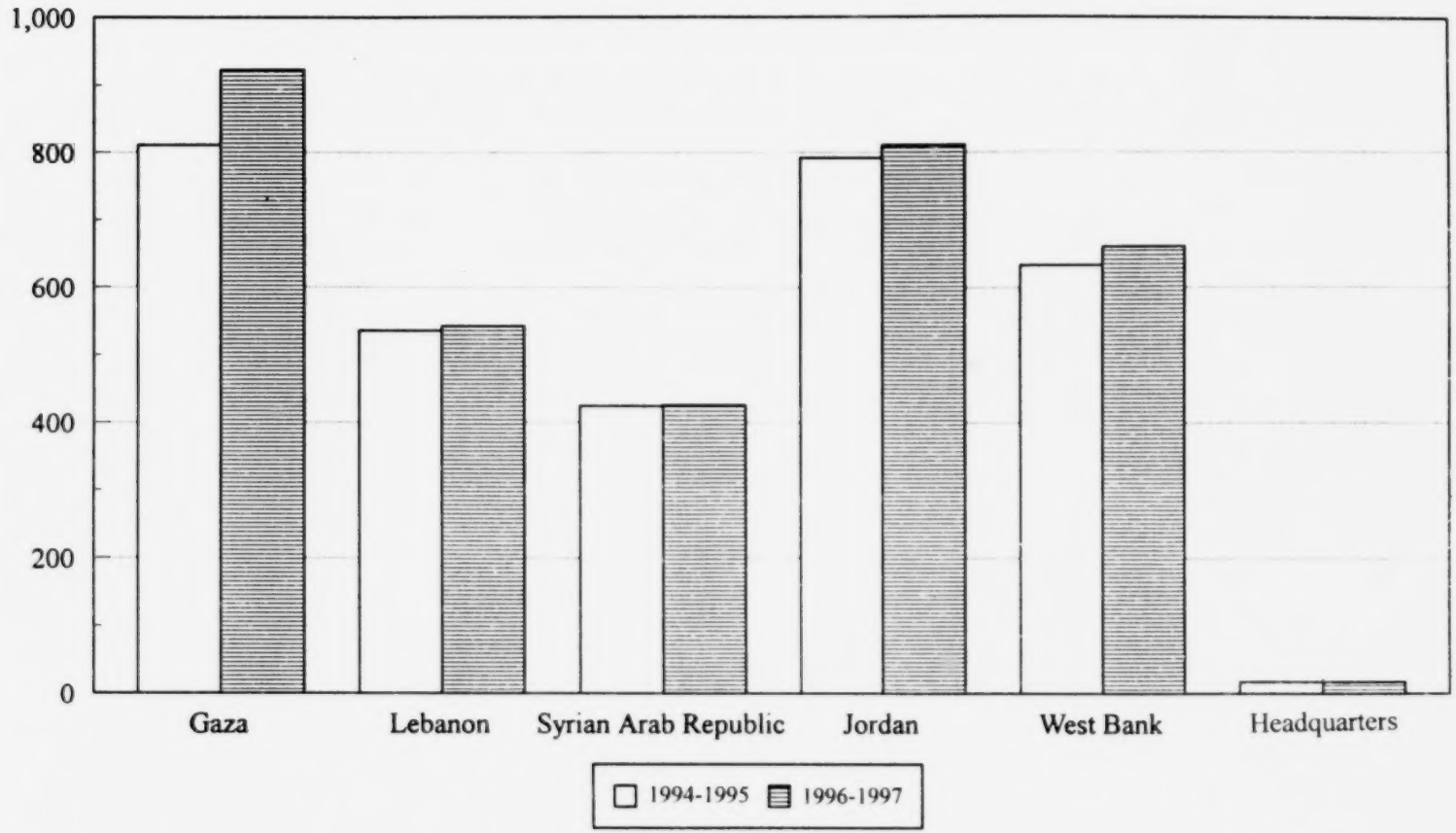


Figure 11. Health programme: number of area staff



Health care services

46. UNRWA delivers health care services through its network of 123 health centres or points, which provide a full range of preventive, curative, support and community health services, including paediatrics, obstetrics and gynaecology, cardiology and ophthalmology. Special care is available for the treatment of chest diseases and ear, nose and throat illnesses, as well as for the management of diabetes and hypertension. Mother and child health programmes and family planning services are fully integrated in the activities of all health centres. Seventy-six of the centres offer comprehensive dental care and 84 have medical laboratories. Hospital services are provided through subsidized beds in private hospitals and in one hospital with 43 beds run by the Agency.

47. The main emphasis of the Agency's health programme, which is reflected in its budget, is on primary health care and preventive medicine, aimed at reducing the incidence of disease, disability and mortality among the refugee population. That approach has proven to be the most cost-effective means of maintaining the health of the refugee community. The steady growth in visits to UNRWA health centres, as shown in figure 12, confirms the importance of primary health care.

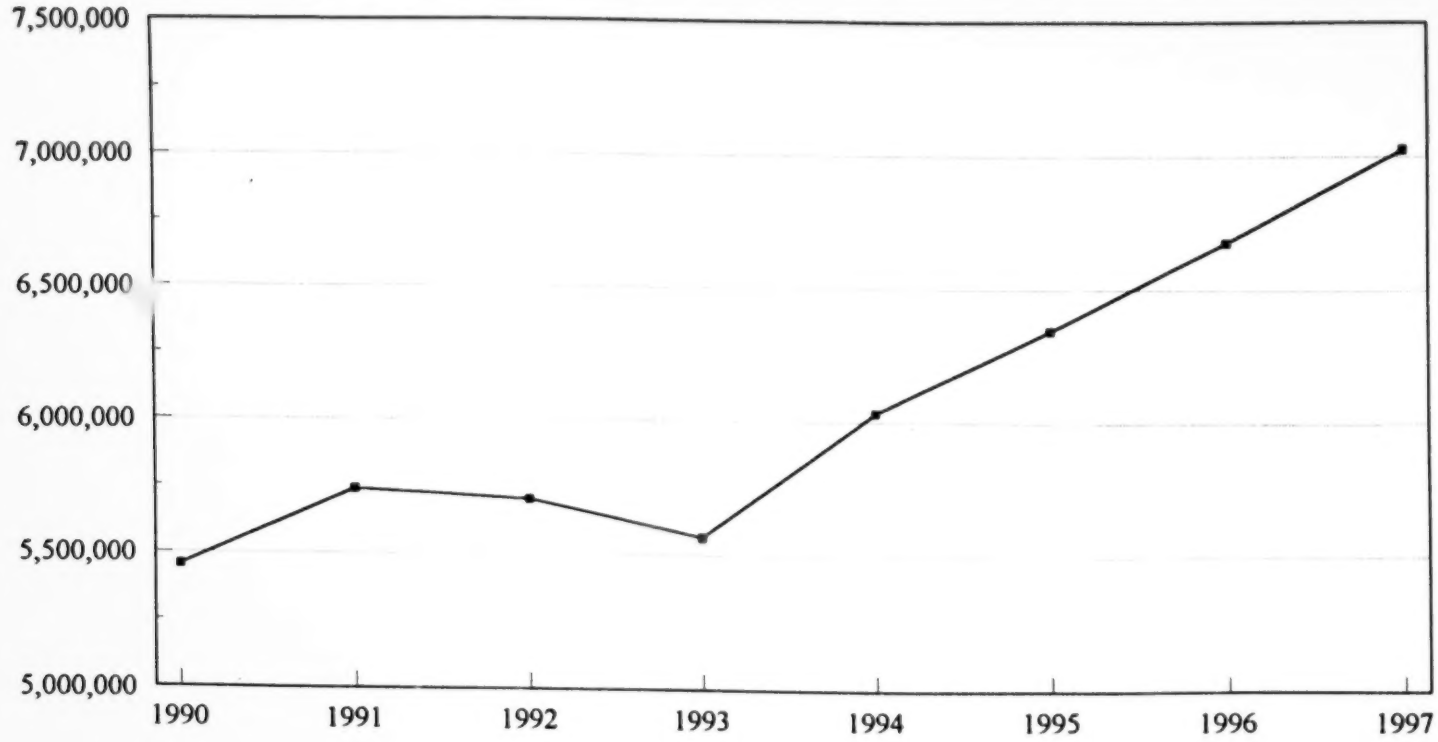
Hospitalization

48. It is in the provision of secondary and tertiary health care, mainly in general and specialized hospitals, that UNRWA faces major difficulties in maintaining, let alone improving, its services. These difficulties arise from a fundamental contradiction between the annual rate of increase in the Agency's available funds and the annual growth in cost and demand for its hospital services. Major factors accelerating these costs are an annual population increase of 3.5 per cent (particularly the increase in the number of persons over 50 years of age, who make the greatest demand on hospital services), annual inflation rates of more than 5 per cent and advances in medical technology and increased expectations of the public. The latter is the most important force pushing the cost of hospital services upwards, as the Agency is faced with demands for the latest diagnostic and therapeutic aids regardless of the cost-benefit involved.

49. The only way that the Agency has been able, in the last five years, to provide hospital care at approximately the level of 1987-1988 is by reprogramming some funds, to the extent possible, from sources outside the regular budget. In addition, temporary expedients such as putting "cold" surgery on waiting lists, making real reductions in services in some fields, such as paying for surgery and not internal medicine, and reducing the level of reimbursement of patients' hospital bills and "capping" the total amounts have all been applied. The entire system is under severe strain.

50. In 1994-1995, nearly 25 per cent of the Health Department's cash budget was spent on hospitalization and hospitalization subsidies. In the proposed budget for 1996-1997, this percentage would shrink to nearly 19 per cent. UNRWA therefore has had to substantially curtail these services and is planning to introduce suitable cost-sharing arrangements. In addition, the Agency is trying to reduce its reliance on costly contractual and diagnostic services by upgrading and expanding its own diagnostic and treatment facilities.

Figure 12. Visits to UNRWA health clinics, 1990-1997 a/



a/ 1990-1994 actual figures; 1995-1997 projected figures.

51. Another major initiative on the Agency's part is the construction of a 232-bed general hospital in Gaza financed by special donations. This would greatly alleviate the acute shortage of hospital beds in Gaza, which has a very low ratio of only 1.27 beds per thousand population.

Environmental health

52. Environmental health services are provided by UNRWA to about 983,000 refugees residing in 59 camps, in cooperation with the host Governments and local municipalities. These services include potable water to meet domestic needs and collection and disposal of refuse and liquid wastes. Overcrowding is a problem of growing concern. The refugee camp population has more than doubled over the past 25 years, from 492,000 in December 1970 to 983,000 in March 1995. The problems associated with inadequate refuse collection systems, treatment and disposal of effluent, and the quality, quantity and distribution of potable water are becoming further aggravated by the growth in population, especially in the Gaza Strip, the West Bank and Lebanon.

53. Environmental health remains a high priority in the Agency's health programme. In 1994-1995, initial steps were taken to define needs, identify priorities and elaborate strategies for bringing about the required improvements within camps in all five fields of operation. Those efforts were consistent with the Agency's comprehensive planning approach to environmental health, first employed in the Gaza Strip in 1992, which emphasized greater investment in the crucial early stages of project development and design to minimize problems in implementation and reduce overall costs. In the Gaza Strip, where the Agency was focusing its efforts, improvement in environmental health conditions was a key not only to reducing health risks but to future socio-economic development. Feasibility studies and preliminary designs for the improvement of sewerage, drainage and solid-waste management were completed for 11 camps in the West Bank and Gaza Strip. Progress in project development and implementation varied from one field of operation to another based on availability of donor funding. Construction was completed or in progress during the 1994-1995 biennium on internal sewerage systems in Beach camp in the Gaza Strip, in Nur Shams and Tulkarm camps in the West Bank, and in Nahr el-Bared, Burj el-Barajneh and El-Buss camps in Lebanon. In collaboration with the Syrian Government, UNRWA rehabilitated the water network in Neirab camp.

Health protection and promotion

54. The Health Protection and Promotion Division has special responsibilities for nutrition, disease surveillance, immunization, school health and health education activities.

55. The health protection and promotion programme shares responsibilities with the Nursing Division, particularly with respect to mother and child health and family planning services, with the Environmental Health Division for surveillance of communicable diseases, and with the Medical Care Services Division in controlling non-communicable diseases.

56. For the implementation of its activities, the Division relies on five field preventive-medicine officers, 25 health education workers, five health education supervisors and five food supervisors and school health teams. Cooperation is also maintained with different professionals and specialists in the Agency.

Nursing services

57. The Nursing Division continued to contribute to UNRWA's increasingly integrated and team-based approach to health care. As in previous years, particular focus has been placed on improving and expanding the quality of services for maternal and child health care. A key element in this process has been the continuation and refinement of the maternal health strategy, the training of staff, particularly in the delivery of family planning services, and improving the maternal health record system. In addition, the Nursing Division has coordinated activities aimed at improving the quality of service delivery for child health, the management of the growth-retarded child and the prevention and control of non-communicable diseases, particularly diabetes, hypertension and anaemia in women and children.

C. Relief and social services programme

Table 11. Relief and social services programme

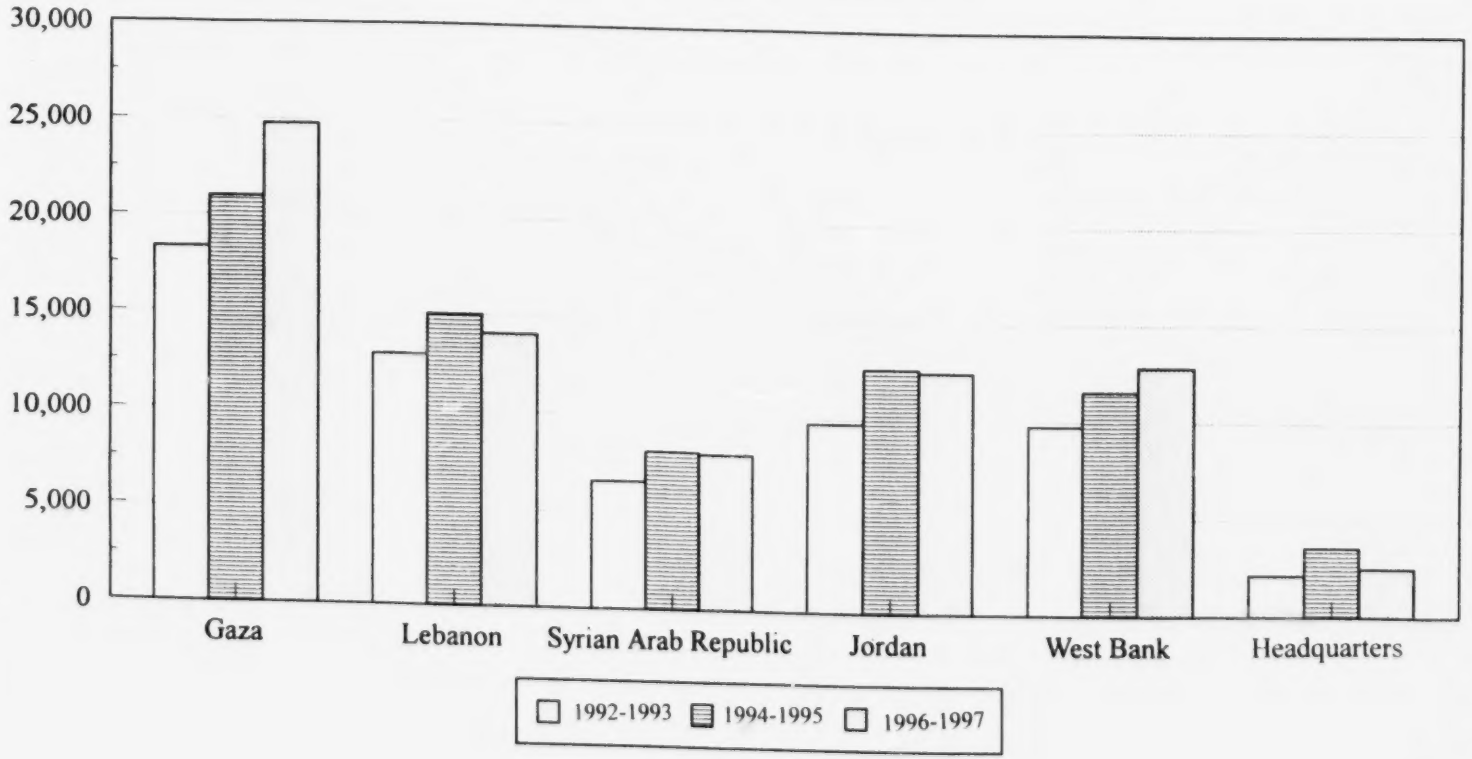
	Gaza	Lebanon	Syrian Arab Republic	Jordan	West Bank	Headquarters	Total
				(Thousands of United States dollars)			
1992-1993 expenditure	18 300	12 903	6 564	9 746	9 747	2 151	59 411
1994-1995 approved budget	20 960	14 980	8 120	12 582	11 552	3 597	71 791
1996-1997 proposed budget	24 756	14 019	8 042	12 423	12 820	2 539	74 599
Number of beneficiaries							
1994-1995	706 600	352 700	345 100	1 312 500	536 200	-	3 253 100
1996-1997	794 600	374 800	371 700	1 471 100	587 100		3 599 300
Special hardship cases							
1994-1995	61 642	40 485	21 714	33 427	30 206		187 474
1996-1997	69 193	41 902	22 777	34 029	32 549		200 450
Number of area staff							
1994-1995	237	93	80	136	128	18	692
1996-1997	276	96	83	146	137	18	756

58. Estimated costs for the relief and social services programme amount to $74.6 million for 1996-1997, an increase of $2.80 million, or 3.91 per cent, over the 1994-1995 approved budget. The budget at headquarters includes provisions for salary adjustments for area staff Agency-wide. These provisions have not yet been allocated to programmes or fields. The expenditure and budget position of the relief and social services programme is shown in figure 13.

59. The number of beneficiaries of the programme and the number of staff serving them are shown by field in figures 14 and 15. The proportion of area relief and social services staff to number of beneficiaries is high in the Gaza Strip owing to the large number of registered special hardship cases there. Jordan has a larger number of beneficiaries eligible for special hardship assistance but a lower number of registered special hardship cases than Gaza.

Figure 13. Relief and social services programme: expenditure and budget, 1992-1997 a/

(Thousands of United States dollars)



a/ 1992-1993 figures represent actual expenditure incurred; 1994-1995 figures represent budget allotments; 1996-1997 figures represent proposed budget estimates.

Figure 14. Relief and social services programme: number of beneficiaries

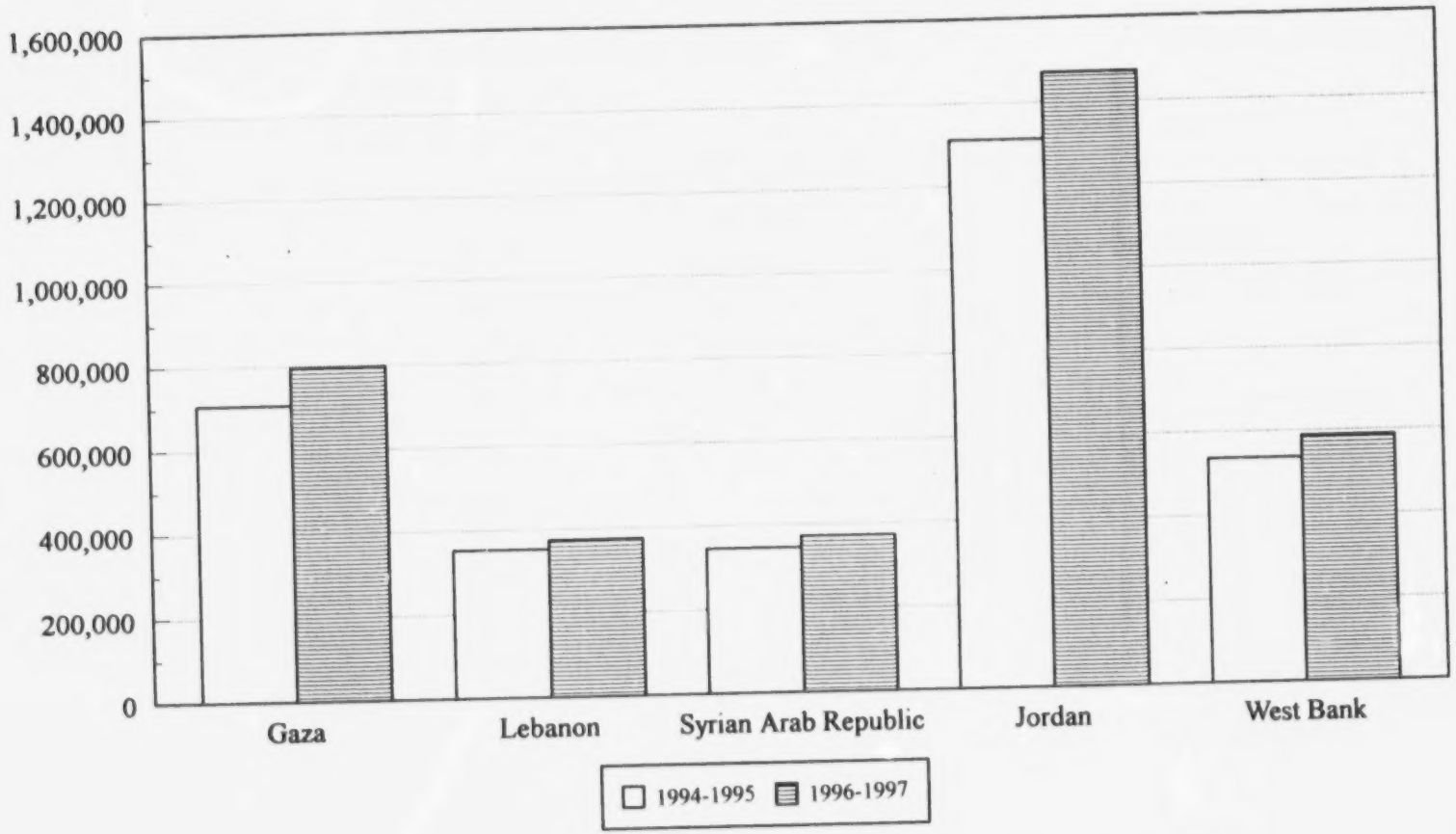
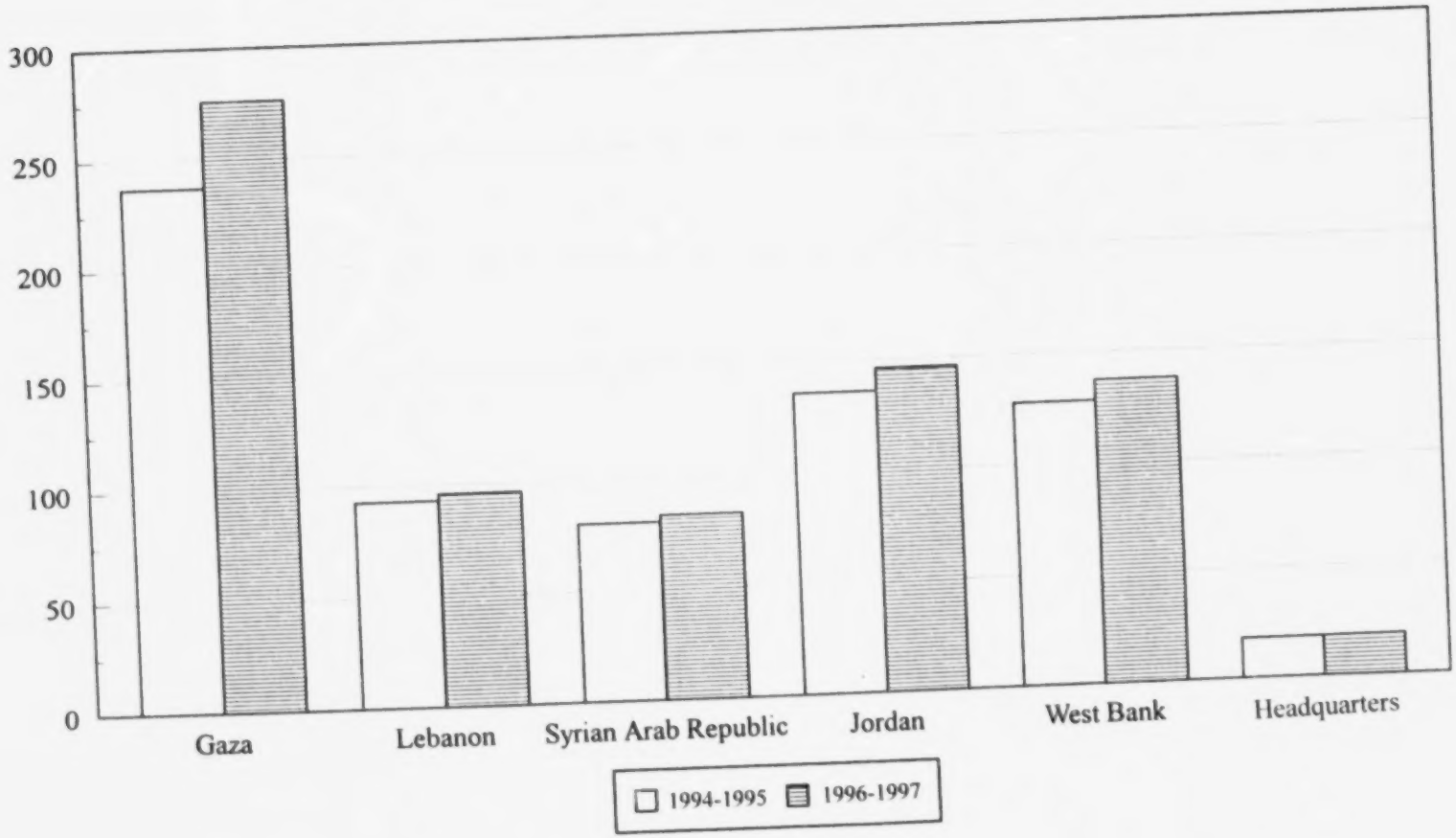


Figure 15. Relief and social services programme: number of area staff



60. The objectives of the relief and social services programme include providing needy refugees with assistance to maintain a minimum standard of living, as well as promoting self-reliance. Out of the total budget for the programme, 92 per cent is allocated for the relief services subprogramme, including commodities for distribution to the needy, valued at $47.2 million in 1996-1997 as against $46 million in 1994-1995. In addition, a number of Governments provide special contributions to support projects serving especially vulnerable groups such as widows, the aged and the physically disabled.

61. Of major concern to UNRWA are the deteriorating socio-economic conditions faced by the refugee population, particularly in the West Bank, the Gaza Strip and Lebanon. Consequently, there is increased insistence by refugees that UNRWA provide sustained direct relief for larger numbers of people, a demand which the Agency's financial capacity does not permit it to meet.

Special hardship programme

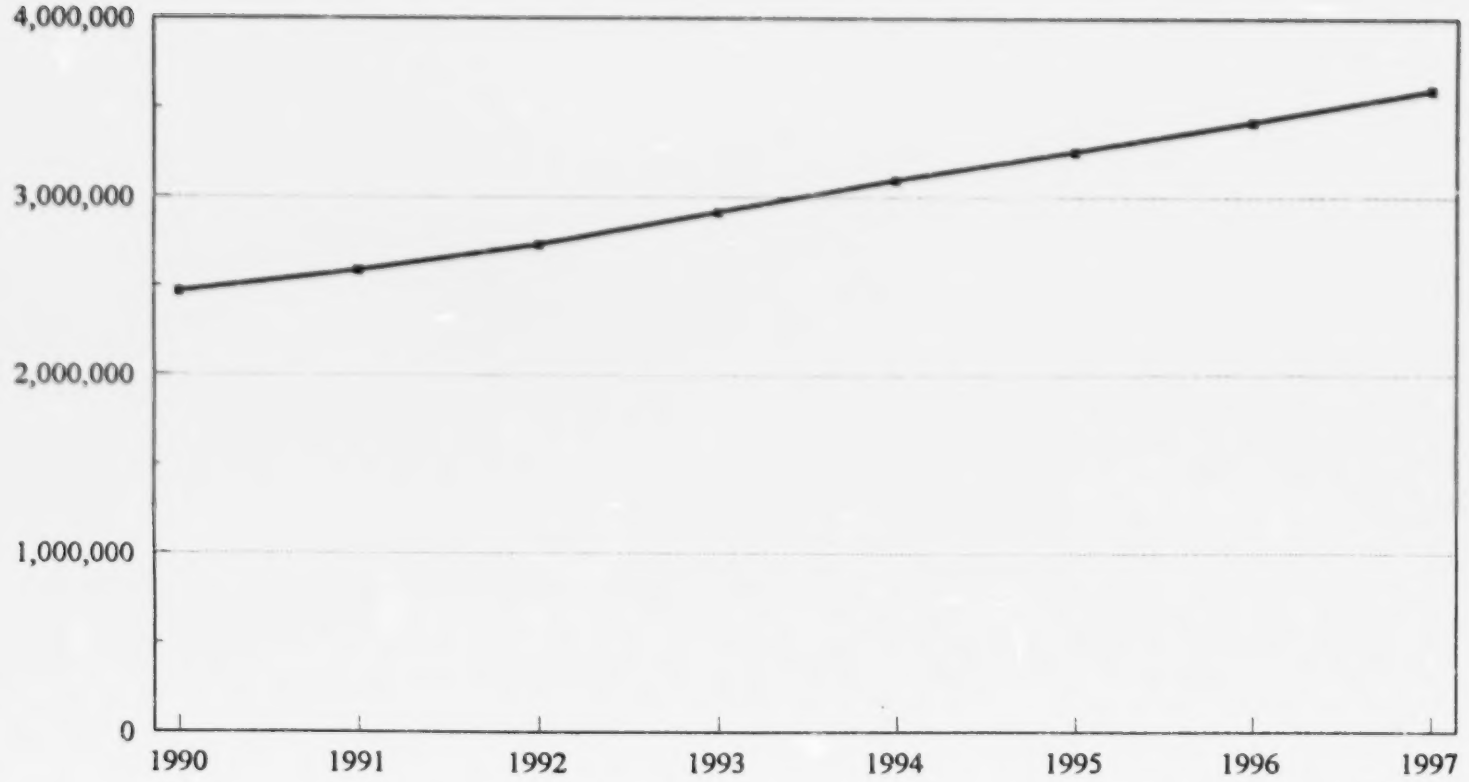
62. The special hardship programme, a subprogramme of the relief and social services programme, provides the basic requirements for food, shelter, clothing and other necessities for survival to the neediest Palestine refugees, who are classified as special hardship cases (SHCs). At 30 June 1995, 181,437 refugees were on the SHC rolls, comprising 5.7 per cent of the total number of registered refugees. Figures 16, 17 and 18 show the total number of registered refugees, the number of registered special hardship cases and the SHCs as a percentage of registered refugees. In Lebanon and the Gaza Strip, the percentage of SHCs to the total refugee population was 11 per cent and 8.7 per cent, respectively. Based on current trends and conditions, a 3.5 per cent increase is anticipated in the number of SHCs in 1996 and 1997. Figure 19 shows the number of SHCs by field.

Social services

63. The social services subprogramme is operated with particular emphasis on women in development, rehabilitation of the disabled, and developmental social services for SHCs, including self-support projects for families registered under the special hardship programme and income-generating activities at women's programme centres and community rehabilitation centres as well as under the Palestinian Women's Initiative Fund.

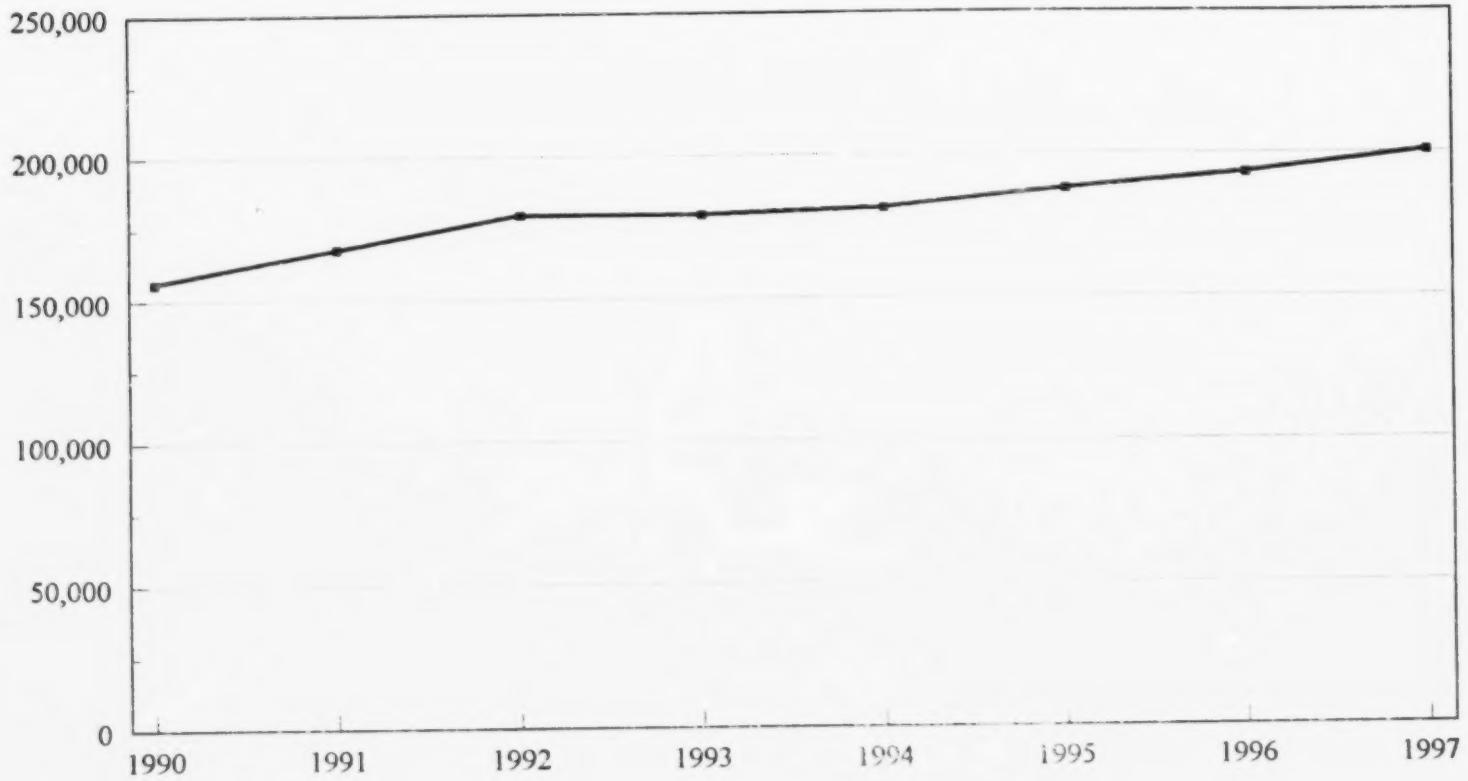
64. A major effort is directed at building up the Palestinian community's capacity to provide social services on its own, with technical support and complementary funding from UNRWA. In 1995, there were 71 women's programme centres in operation, managed by committees of refugee women. Locally run community rehabilitation projects for disabled refugees have paid growing attention to home-based interventions and vocational rehabilitation. Training in project management and technical skills specific to each community volunteer's role is being imparted through UNRWA-sponsored courses. Under the Palestinian Women's Initiative Fund, which was established in early 1992 to provide technical support and financial assistance to women-owned business or support services, four new projects were financed by June 1995. These provided functional literacy classes in Lebanon, training in the maintenance and repair of sewing and knitting machines in Gaza, a community-run kindergarten at a women's programme centre in the West Bank and a food production unit in a refugee camp in Jordan. A fund-raising campaign was launched in February 1995 for phase two of the Fund, which seeks to enhance the active role of Palestinian women by supporting projects aimed at self-reliance for women and women's institutions.

Figure 16. Number of registered refugees, 1990-1997 a/



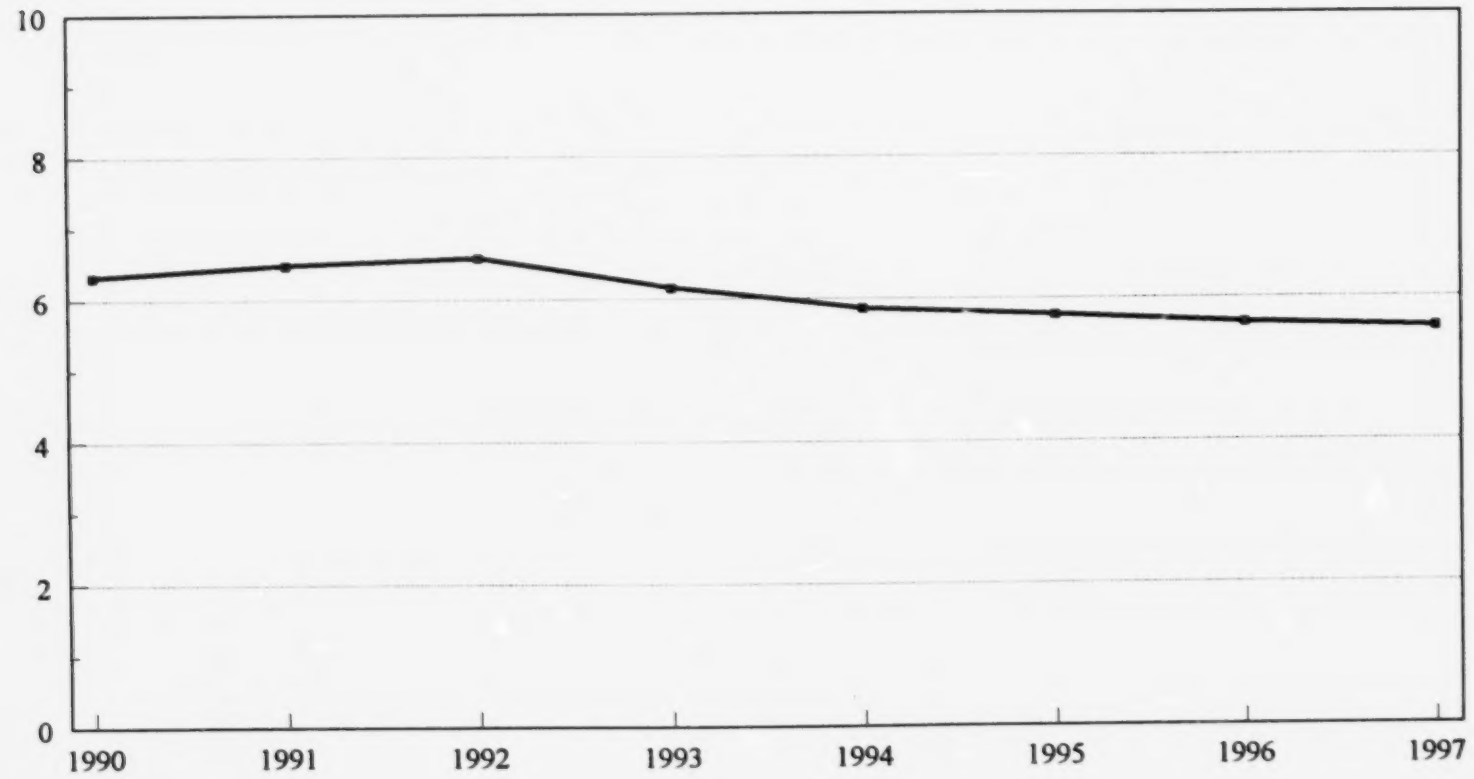
a/ 1990-1994 actual figures; 1995-1997 projected figures.

Figure 17. Number of registered special hardship cases, 1990-1997 a/



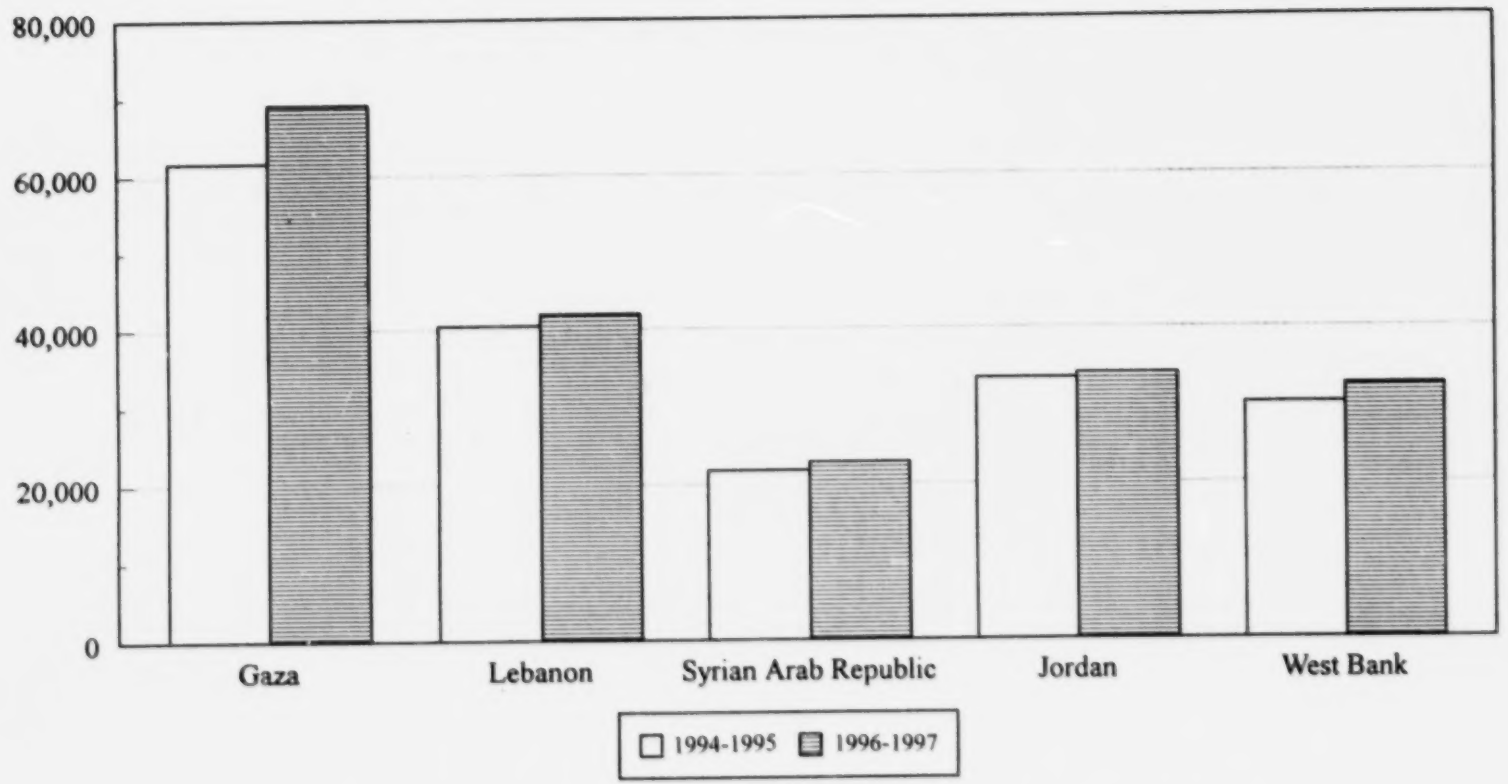
a/ 1990-1994 actual figures; 1995-1997 projected figures.

Figure 18. Special hardship cases as a percentage of registered refugees, 1990-1997 a/



a/ 1990-1994 actual figures; 1995-1997 projected figures.

Figure 19. Number of special hardship cases by field, 1994-1997 a/



a/ 1994-1995 actual figures; 1996-1997 projected figures.

65. The social services subprogramme comprises two activities:

(a) Women's programme: The 71 women's programme centres, located mostly in populated areas, currently reach 9,877 participants. The centres are open to all women and are run by committees of local women who decide on the centres' activities, opening hours, staffing and finances. Many centres have small production units and sell items such as embroidery, artificial flowers and knitted garments. The women are permitted to use the equipment provided by UNRWA outside the hours in which courses are held.

Some women come to the centre regularly to attend one or more of the following courses:

- 11 months' basic sewing, with recognized diploma
- Industrial sewing
- Knitting - machine and hand
- Traditional embroidery
- Artificial flower-making
- Typing
- Whitewashing/painting for household use
- Legal rights/duties for the family
- Literacy classes
- Manufacture of toys out of scrap materials
- Languages
- Aerobic/gymnastic/table tennis
- Basic bookkeeping/administration for establishing small projects
- Computerized word processing

(b) Rehabilitation of the disabled: There are 29 community rehabilitation centres Agency-wide, catering to 1,136 disabled children who come to the centres on a daily basis. Parents are encouraged to participate in the sessions and to work with the children in their homes. The centres are run by volunteers from the community and are supported financially and materially by various international non-governmental organizations and by the local community. UNRWA provides administrative support and technical training and occasional financial subsidies.

The following services are provided:

- Physiotherapy
- Occupational therapy
- Basic reading, writing, arithmetic
- Speech therapy
- Special classes for the deaf/physically handicapped
- Special play classes to improve mobility, creativity and communication

Income-generation

66. The Agency operated a number of income-generation programmes designed to support small-scale enterprises and generate employment opportunities in the Palestine refugee community. Income-generation initiatives have assumed increasing importance in recent years as socio-economic conditions faced by refugees throughout the region have deteriorated. Funded under PIP and EPA, the activities of the programme increased significantly in 1994-1995 and were expected to receive more attention during the 1996-1997 biennium.

67. The largest of the Agency's income-generation initiatives is the revolving loan fund for small businesses, which aims to support entrepreneurs in the formal and informal sectors of the economy by making finance capital available at reasonable interest rates. Since its establishment in 1991, the revolving loan fund has issued loans to over 800 small-scale enterprises and acquired a total capital base of $7.2 million. The leading field-based fund is in the Gaza Strip, which ranks as the largest of its kind in the Gaza Strip and the most successful in the area.

68. The Agency also operates a solidarity-group lending programme, centred in the Gaza Strip, to make credit available to women working in micro-enterprises and as street vendors in the informal sector of the economy. Loan recipients are organized into solidarity groups of four to ten members which serve as the guarantee mechanism. The Agency's poverty alleviation programme seeks to promote sustainable income-generating activities among special hardship cases through a variety of strategies including skills-training, technical assistance for starting enterprises, apprenticeship placement and access to credit. The programme's main goal is to raise the income of the neediest families to a level that would allow them to be removed from the special hardship rolls.

D. Operational services

Table 12. Operational services

	Gaza	Lebanon	Syrian Arab Republic	Jordan	West Bank	Headquarters	Total
			(Thousands of United States dollars)				
1992-1993 expenditure	6 362	4 087	4 026	3 440	5 294	13 535	36 744
1994-1995 approved budget	9 055	5 235	3 671	6 752	11 947	12 377	49 037
1996-1997 proposed budget	12 720	6 478	5 154	7 255	9 813	8 662	50 092
Number of area staff							
1994-1995	358	139	140	130	218	60	1 096
1996-1997	360	139	140	130	218	60	1 098

69. The three substantive programmes of the Agency are supported by a supply and transport operation and an architectural and civil engineering services group. Estimated costs for operational services in 1996-1997 amount to $50.1 million, an increase of $1.1 million, or 2.24 per cent, over the 1994-1995 approved budget. The headquarters budget includes provisions for salary adjustments for area staff Agency-wide. These provisions have not yet been allocated to programmes or fields. The expenditure and budget position and staffing requirements of operational services are shown in figures 20 and 21.

Supply and transport services

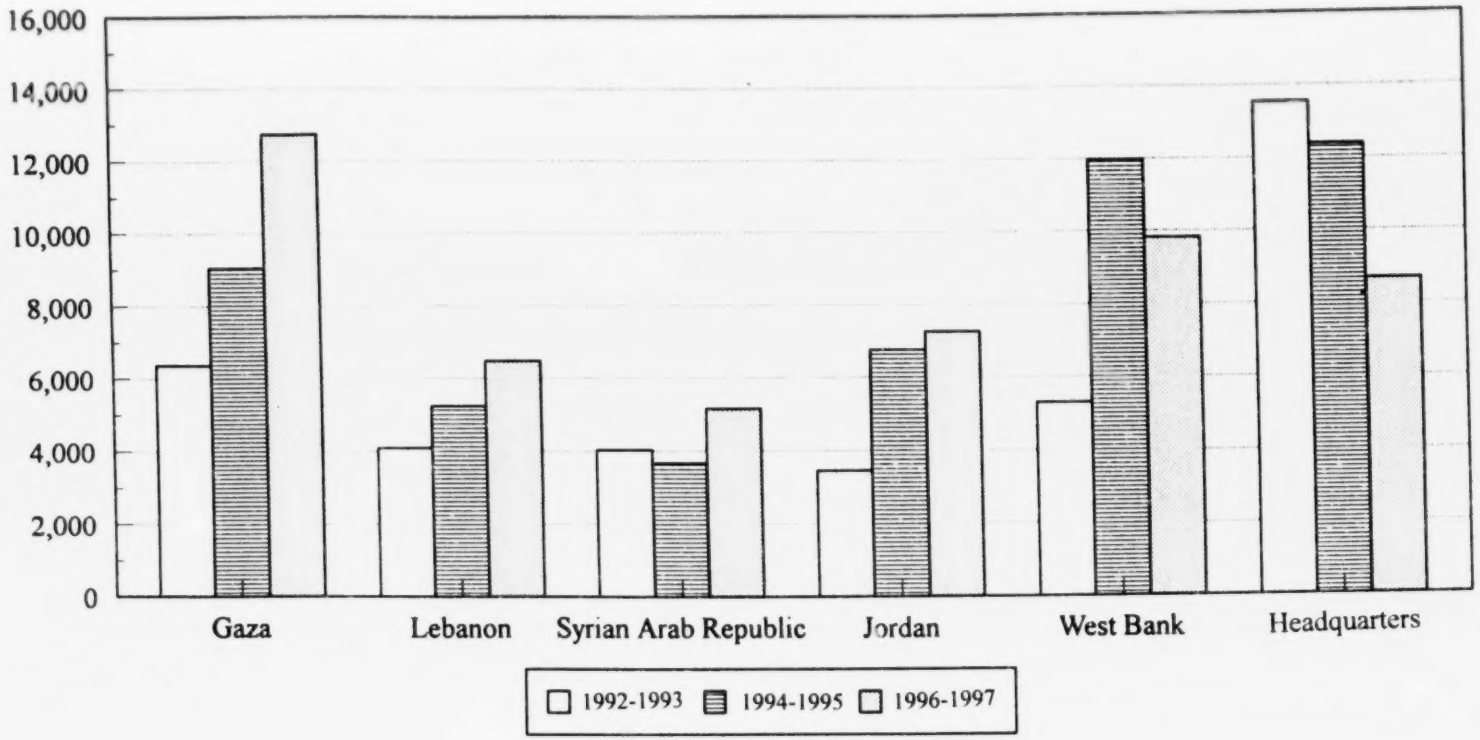
70. The supply and transport operation provides procurement, warehousing, freight and passenger transport services in all the areas of operation. In 1994-1995, 109,004 tons of basic commodities and about 14,000 tons of general cargo were being handled through a network of central and satellite warehouses for final distribution to the beneficiaries of the Agency's programmes. The Agency's fleet of vehicles is used for the transport of commodities and general cargo, for garbage collection, water distribution and sewage clearance services, and for the transport services required by the education, health, and relief and social services programmes. In total, the Agency has a fleet of 761 vehicles, all of which are maintained by the Agency's vehicle maintenance staff. The proposed budget for the supply and transport operation in 1996-1997 is $34.4 million, a decrease of $1 million, or 2.9 per cent, over 1994-1995 owing mainly to the planned redeployment of staff from the Vienna headquarters to the area of operations. The decrease is partly offset by additional estimated expenditure on replacement of unsuitable vehicles, better warehousing facilities and rising fleet-operating costs, particularly in the West Bank and Gaza Strip where road conditions are poor.

Architectural and engineering services

71. The architectural and civil engineering group is responsible for the design of all new Agency facilities and for the maintenance of existing Agency premises. In 1995, the staff was working on the design of buildings to the value of $22.6 million, supervising construction worth $79.7 million and implementing a maintenance programme of $6.3 million. The budget estimate for architectural and civil engineering services in 1996-1997 is $15.7 million, an increase of $2.1 million or 15.4 per cent. This increase is modest by comparison to the increase in the Agency's projects under design and

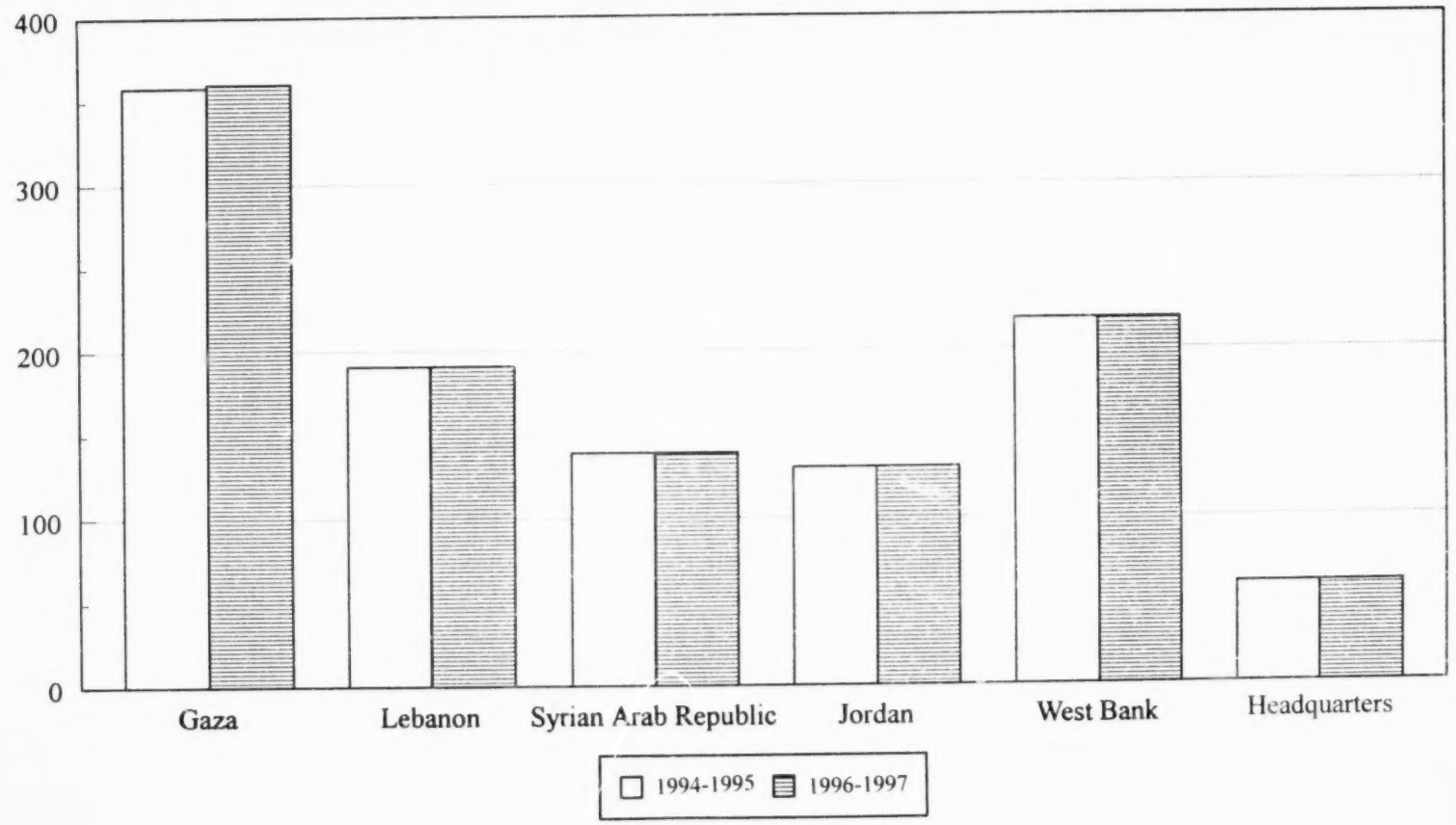
Figure 20. Operational services: expenditure and budget a/

(Thousands of United States dollars)



a/ 1992-1993 figures represent actual expenditure incurred; 1994-1995 figures represent budget allotments; 1996-1997 figures represent proposed budget estimates.

Figure 21. Operational services: number of area staff



construction, from $50.2 million in 1994-1995 to $102.3 million in 1996-1997. In any case, most of the increase will be recovered as a direct cost component of construction projects.

E. Common services

Table 13. Common services

	Gaza	Lebanon	Syrian Arab Republic	Jordan	West Bank	Headquarters	Total
			(Thousands of United States dollars)				
1992-1993 expenditure	6 199	4 682	3 203	4 549	6 668	40 187	65 488
1994-1995 approved budget	8 100	6 076	3 882	6 510	7 938	54 234	86 740
1996-1997 proposed budget	8 850	6 542	3 905	6 168	9 498	59 486	94 449
Number of area staff							
1994-1995	214	163	114	146	230	177	1 044
1996-1997	223	164	114	146	265	180	1 092

72. Common services support all programmes run by the Agency and cover two distinct areas: general management and administrative services. General management comprises the Offices of the Commissioner-General, Deputy Commissioner-General, Headquarters Coordinator of Operations, Field Directors, External Relations, Public Information, Internal Audit, Provident Fund Secretariat, Programme Planning and Evaluation and the Legal Affairs Department. Administrative services include the Finance, Administration and Human Resources, and Information Systems functions.

73. The proposed budget for common services in 1996-1997 is $94.4 million as against $86.7 million for the 1994-1995 approved budget. The $7.7 million increase between the two budgets consists of the following (in thousands of United States dollars):

- Increase in the standard costs of international posts under common services, as provided for by the United Nations Secretariat 1 634
- Increase in the standard costs of the international staff paid for by UNRWA by reference to United Nations salary scales, plus transfer of EMLOT posts to the General Fund .. 2 586
- Decrease in utilities costs due to the planned move of Vienna headquarters to the Gaza Strip ..... (1 110)
- Decrease in costs of maintenance equipment, etc. ..... (633)
- Decrease in travel costs ..... (589)
- Increase in Agency-wide reserves, initially placed under common services, for future allocation to programmes and fields, including the headquarters move reserve 8 795

- Decrease in Agency-wide contingency reserves not yet allocated to programmes	(2 256)
- Miscellaneous net area staff costs decreases	(547)
- Miscellaneous minor decreases spread across common services expenditure line items	(718)
Total difference	7 709

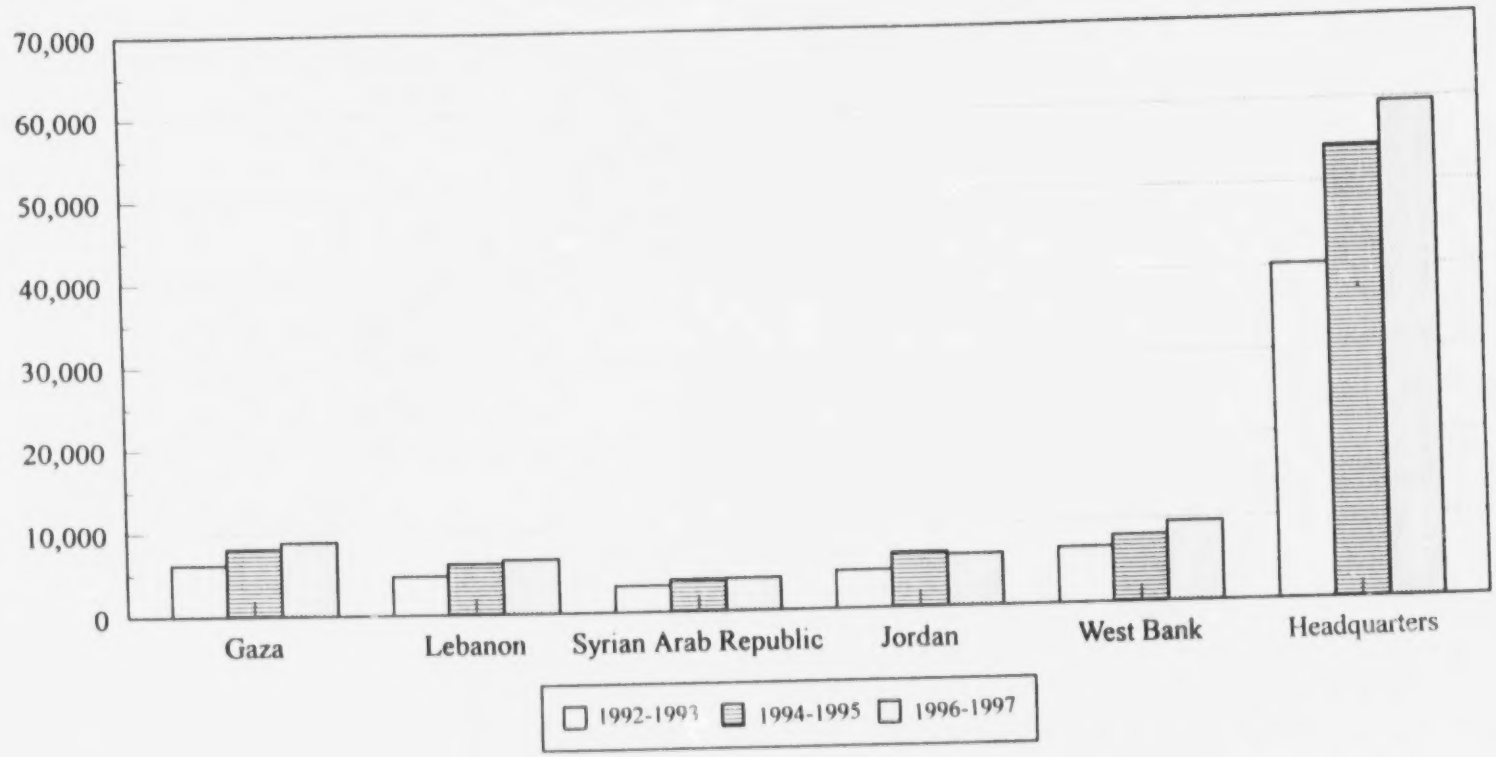
The expenditure and budget and area staff position of the common services is shown in figures 22 and 23.

74. The total common services costs, covering both fields and headquarters, need to be adjusted for various factors in order to compare them fairly with the total regular and extrabudgetary sources that UNRWA is handling. These adjustments are shown in annex IV. Total revised common services costs as a percentage of UNRWA's total budget - regular and extrabudgetary - are shown in table 14.

75. Common services costs Agency-wide make up only 8.7 per cent of the total budget. Headquarters common services costs comprise only 5.1 per cent of the total budget (see annex V).

Figure 22. Common services: expenditure and budget, 1992-1997 a/

(Thousands of United States dollars)



a/ 1992-1993 figures represent actual expenditure incurred; 1994-1995 figures represent budget allotments; 1996-1997 figures represent proposed budget estimates.

Figure 23. Common services: number of area staff

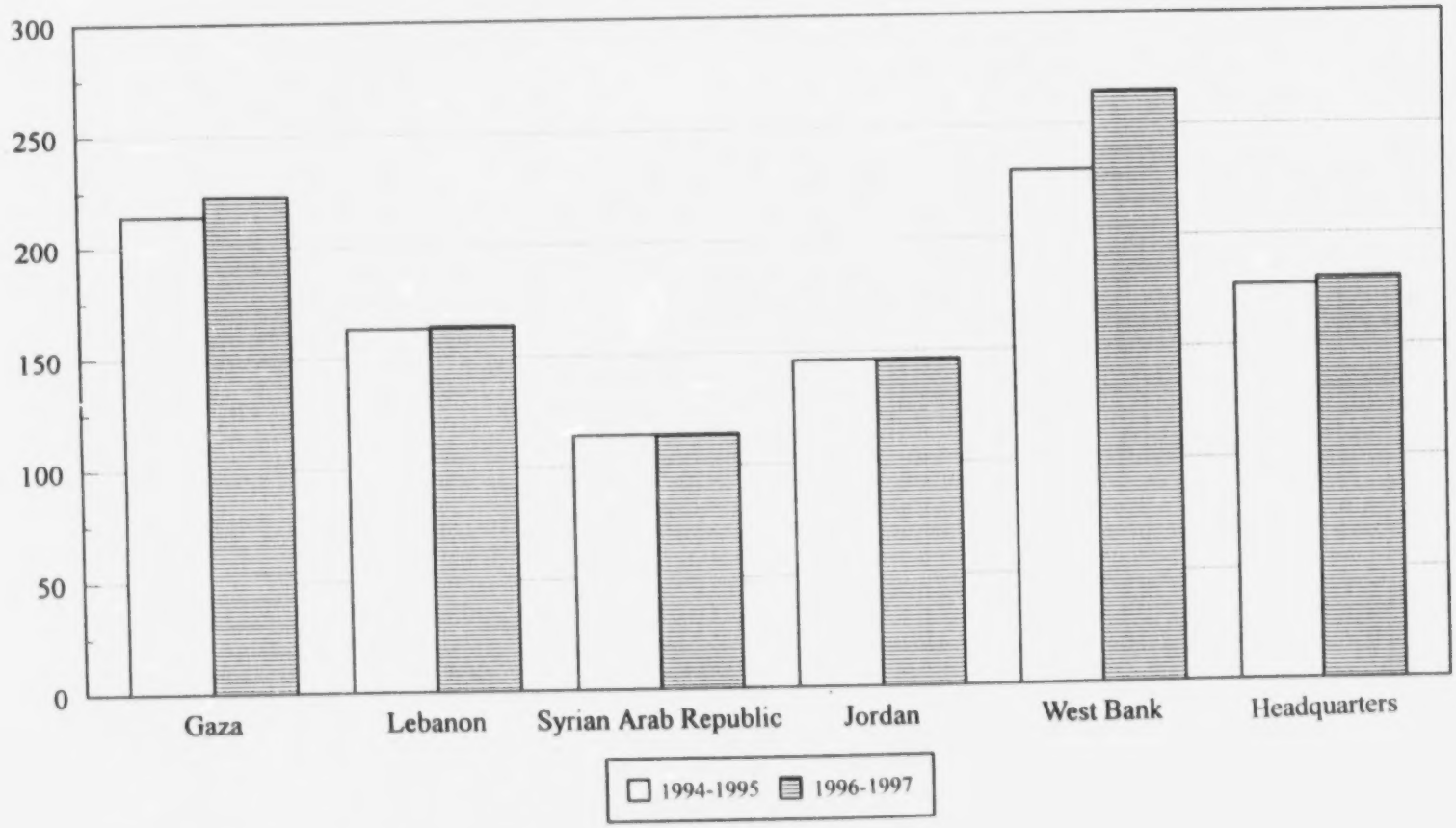


Table 14. Agency-wide common services as a percentage of total budget

	Costs (Thousands of United States dollars)		Staff posts	
	1994-1995	1996-1997	1994-1995	1996-1997
I. Revised Agency-wide common services total	72 408	72 349	752	793
II. Total budget	710 422	831 384	21 094	22 149
III. I as a percentage of II	10.2%	8.7%	3.6%	3.6%

Table 15. Headquarters common services as a percentage of total budget

	Costs (Thousands of United States dollars)		Staff posts	
	1994-1995	1996-1997	1994-1995	1996-1997
I. Revised headquarters common services total	44 228	42 499	231	252
II. Total budget	710 422	831 384	21 094	22 149
III. I as a percentage of II	6.2%	5.1%	1.1%	1.1%

The percentages for headquarters reflect the economical cost of UNRWA's common services management, as common services costs in the area of operations are more directly operational in nature.

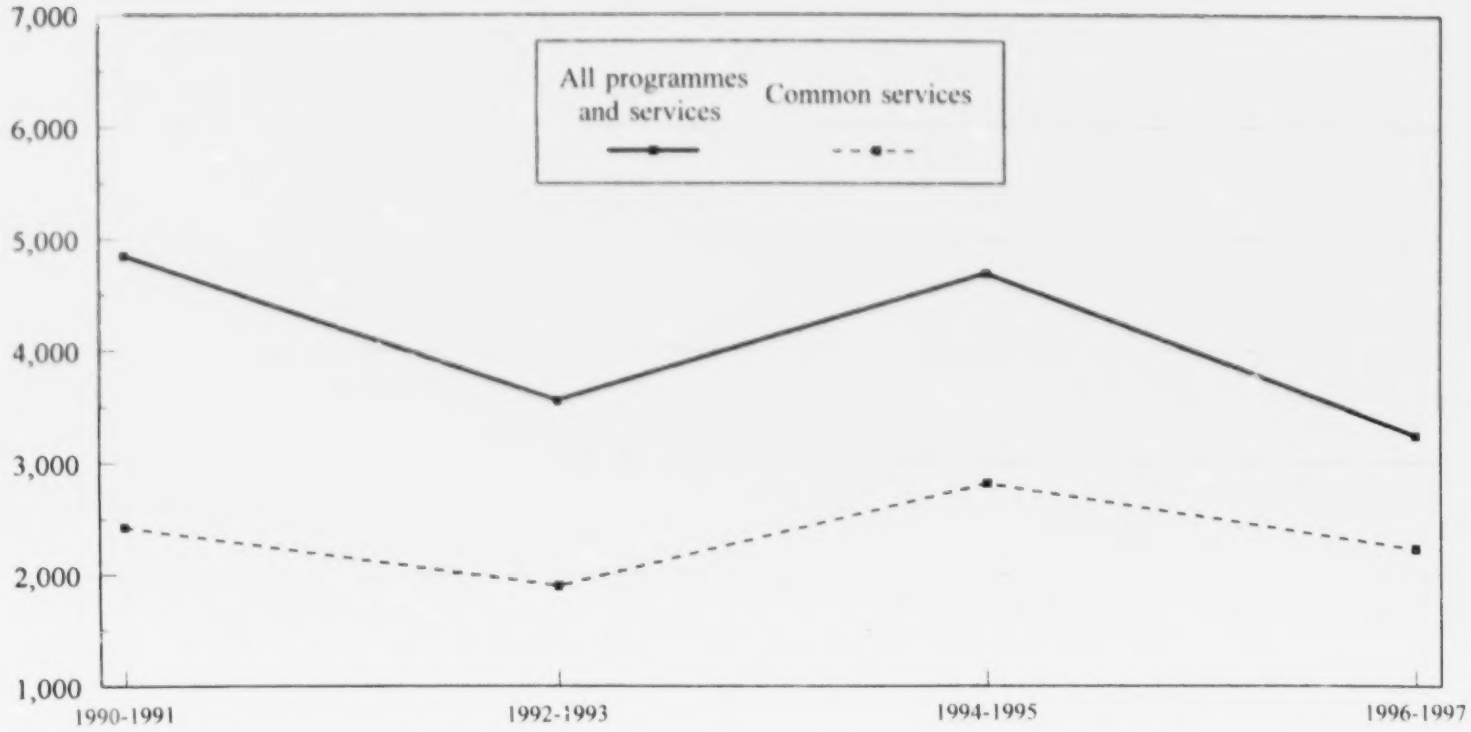
76. In addition to keeping management costs at reasonable levels, UNRWA is also controlling other specific common services costs. These are elaborated below.

Travel

77. Figure 24 shows how travel costs have been substantially reduced. The proposed budget for 1996-1997 lowered travel costs by $1.4 million from the 1994-1995 level, reflecting a 30 per cent across-the-board cut in the 1996-1997 travel budget introduced by the Commissioner-General. The common services travel budget has decreased by 21 per cent, or $0.6 million.

Figure 24. Travel costs: expenditure and budget, 1990-1997 a/

(Thousands of United States dollars)



a/ 1990-1993 figures represent actual expenditure incurred; 1994-1995 figures represent budget allotments; 1996-1997 figures represent proposed budget estimates.

Communications

78. Communications services include telephones, telexes, faxes and mail. Figure 25 shows their actual and projected cost behaviour. The proposed communications budget for 1996-1997 is $0.019 million less than the 1994-1995 biennial level. It is anticipated that communication costs will increase owing to the necessity of maintaining swift and accurate communications between headquarters and the fields and among the fields as the Agency relocates its Vienna headquarters units to the area of operations.

Information Systems Office

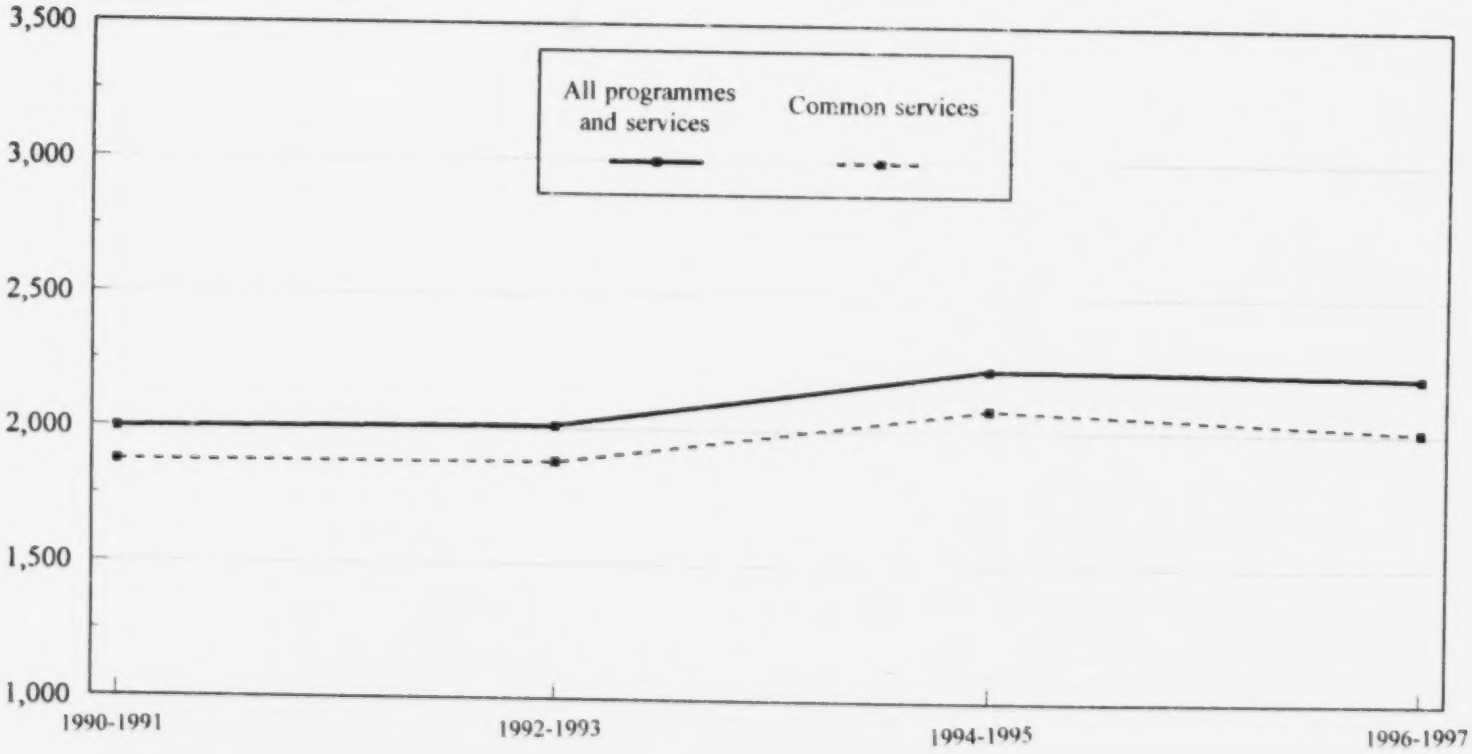
79. The budget of the Information Systems Office consists of its regular (recurrent cost) and strategy (new information system) elements. Figure 26 shows the cost behaviour of these elements and their total. The strategy budget is for specific budget allotments necessary to implement new hardware infrastructure and a new management information system platform which will enhance the flexibility and relevance of management information. These costs, as figure 26 shows, peaked in 1994 and have since been declining. The capital investment involved will not recur in the same magnitude in the future. Some savings in information systems costs are expected as a result of the planned redeployment of staff from Vienna headquarters to the area of operations.

Equipment

80. As figure 27 shows, there is a concerted effort, Agency-wide, to reduce costs of equipment to their operating minimum.

Figure 25. Communications: expenditure and budget, 1990-1997 a/

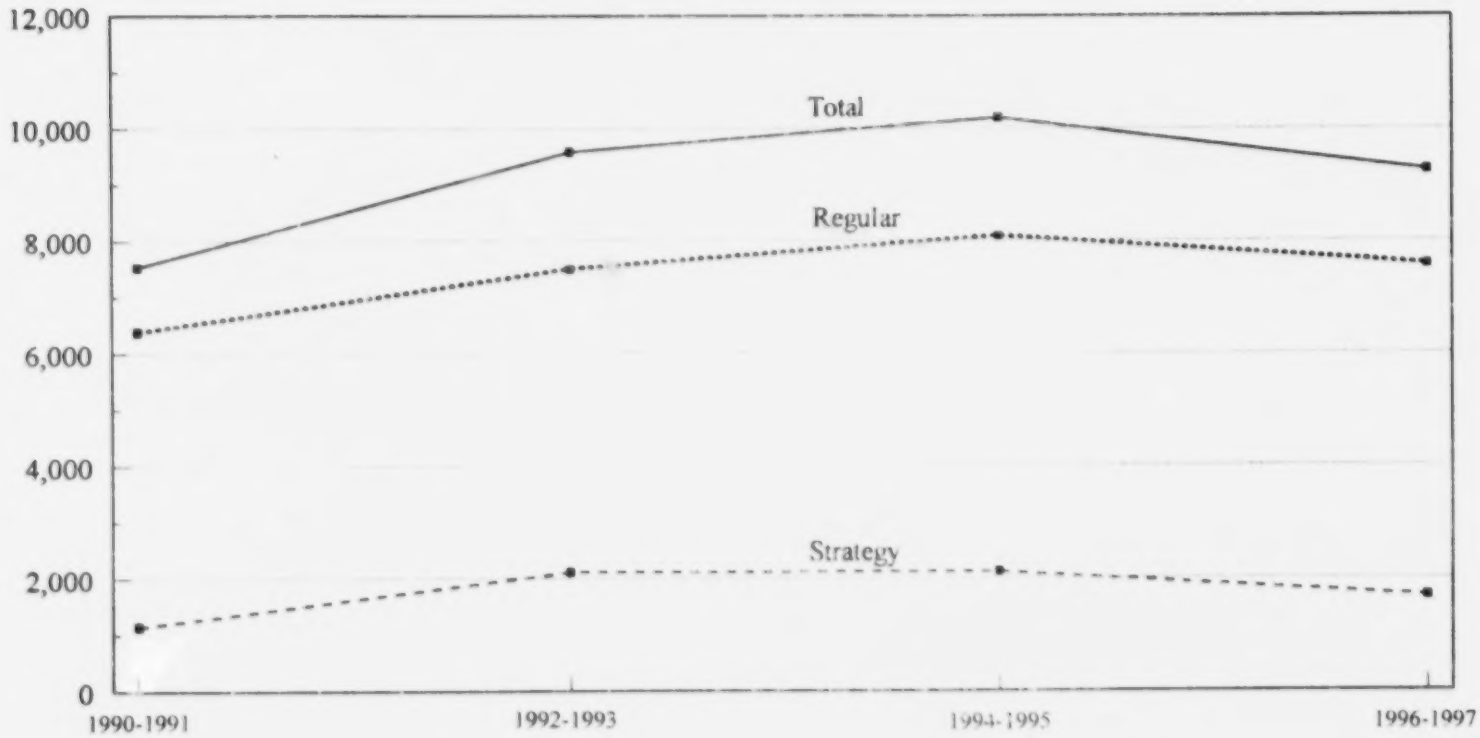
(Thousands of United States dollars)



a/ 1990-1993 figures represent actual expenditure incurred; 1994-1995 figures represent budget allotments; 1996-1997 figures represent proposed budget estimates.

Figure 26. Information Systems Office: expenditure and budget, (regular and strategy), 1990-1997 a/

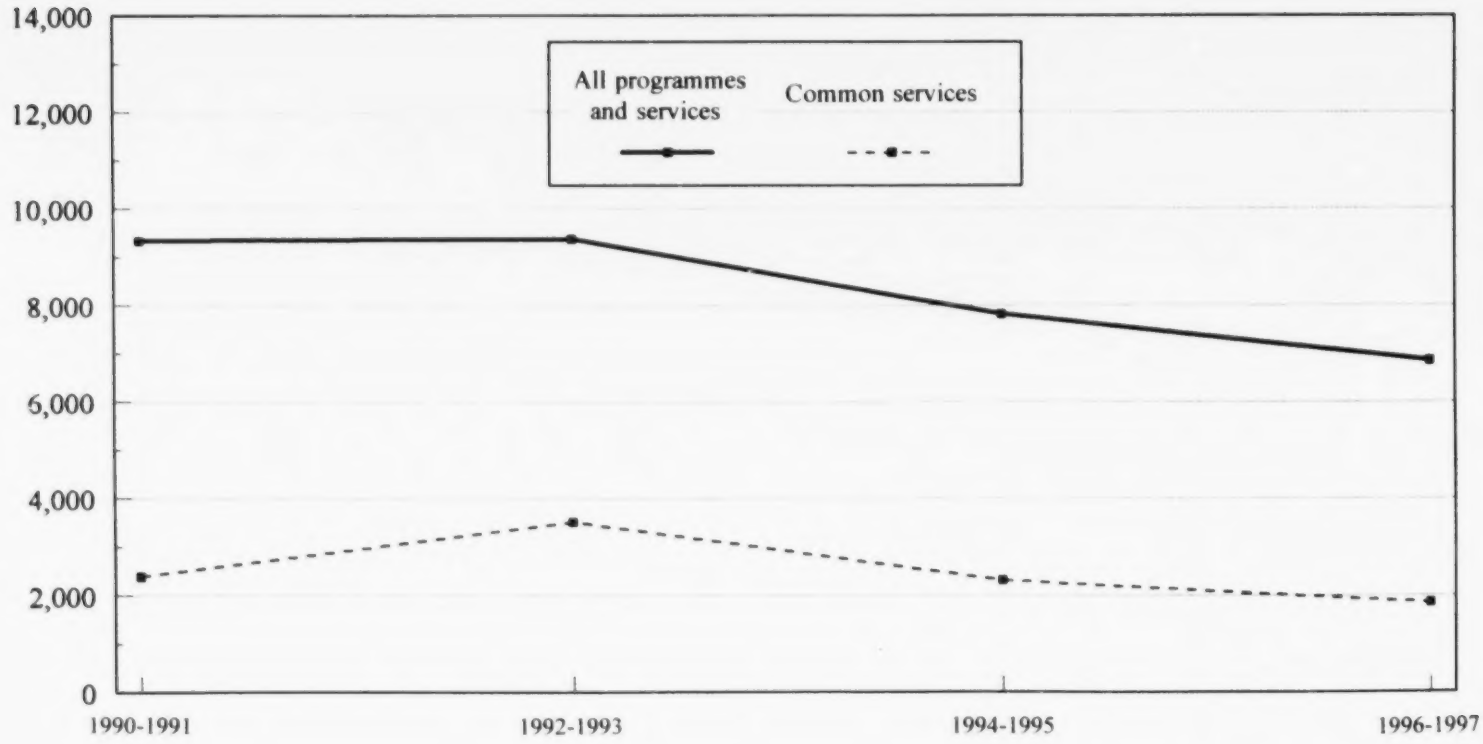
(Thousands of United States dollars)



a/ 1990-1993 figures represent actual expenditure incurred; 1994-1995 figures represent budget allotments; 1996-1997 figures represent proposed budget estimates.

Figure 27. Equipment: expenditure and budget, 1990-1997 a/

(Thousands of United States dollars)



a/ 1990-1993 figures represent actual expenditure incurred; 1994-1995 figures represent budget allotments; 1996-1997 figures represent proposed budget estimates.

F. Total programmes and services by field

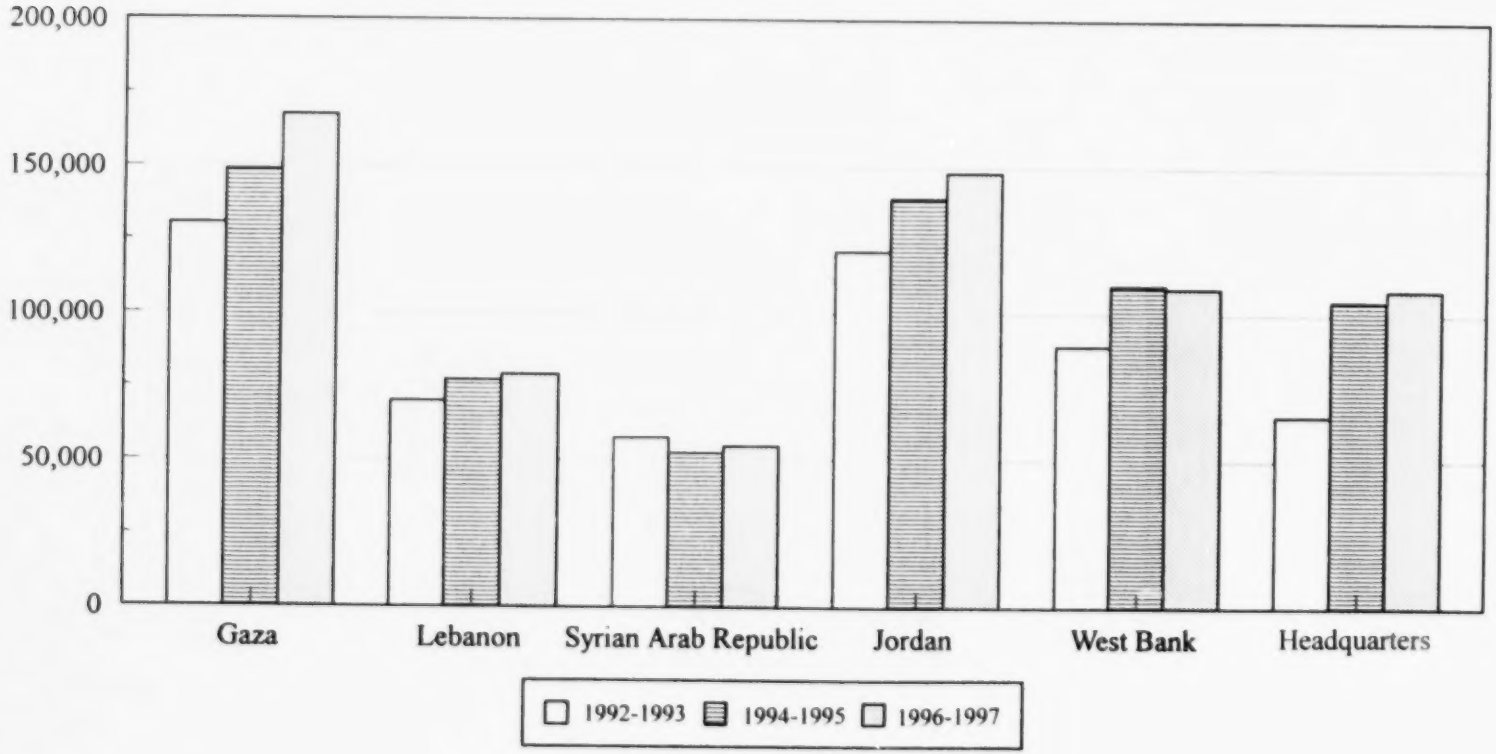
Table 16. Total programmes and services by field

	Gaza	Lebanon	Syrian Arab Republic	Jordan	West Bank	Headquarters	Total
			(Thousands of United States dollars)				
1992-1993 expenditure	130 277	70 018	57 708	121 226	88 989	65 241	533 459
1994-1995 approved budget	148 650	77 313	52 435	139 384	109 820	104 693	632 295
1996-1997 proposed budget	167 327	79 961	54 663	148 108	108 826	108 513	666 598
Number of area staff							
1994-1995	5 562	2 508	2 794	6 162	3 189	340	20 555
1996-1997	6 293	2 548	2 841	6 198	3 495	343	21 718

81. Estimated costs for all programmes and services amount to $666.6 million in 1996-1997, an increase of $34.3 million, or 5.42 per cent, over the 1994-1995 approved budget. The increase in the budget at headquarters is due to the inclusion of provisions for salary adjustments for area staff Agency-wide. These provisions have not yet been allocated to programmes or fields. The total expenditure and budget position and staffing requirements are shown in figures 28 and 29.

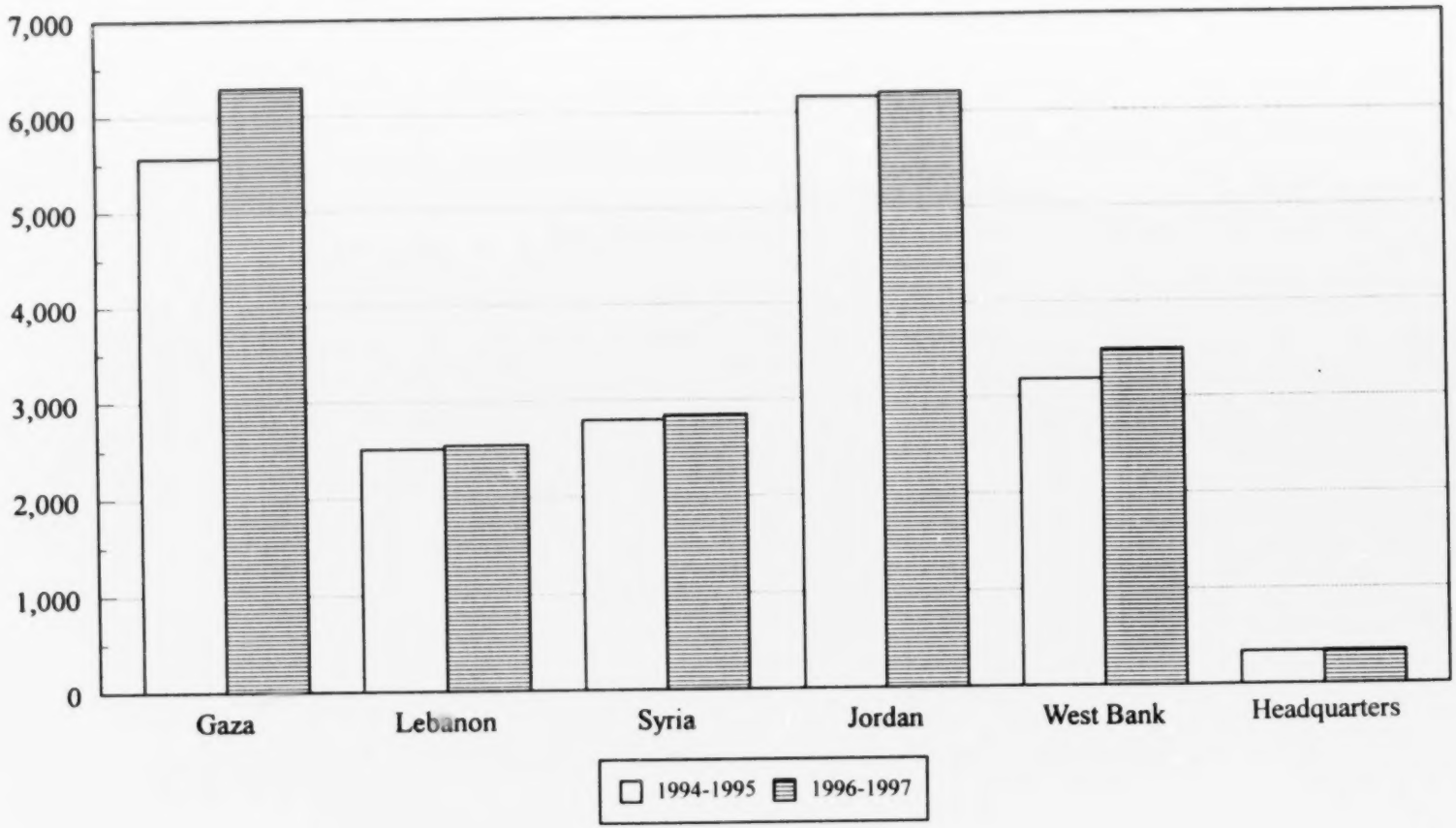
Figure 28. All programmes and services: expenditure and budget, 1992-1997 a/

(Thousands of United States dollars)



a/ 1992-1993 figures represent actual expenditure incurred; 1994-1995 figures represent budget allotments; 1996-1997 figures represent proposed budget estimates.

Figure 29. All programmes and services: number of area staff



IX. FINANCING THE 1996-1997 BIENNIAL BUDGET

82. The cash and in-kind income required to finance the 1996-1997 biennial budget is as follows, in millions of United States dollars:

	1996-1997			1994-1995
	Cash	In kind	Total	Total
General Fund	589.2	77.4	666.6	
Termination indemnities	25.4	-	25.4	
Total	614.6	77.4	692.0	598.9

83. Apart from its limited working capital, UNRWA has no other financial reserves on which to draw to finance the 1996-1997 biennial budget. Funding of the Agency's programmes will depend on the contributions received from donors. It is anticipated, however, that the traditional solid support of major donors to UNRWA's regular programme will continue. In this regard, a convention with the European Union for substantial food and cash contributions covering 1995, 1996 and 1997 was in the process of being finalized. Other major donors are also not expected to alter their present policy of supporting UNRWA's budget. Furthermore, given the deteriorating socio-economic conditions and changing political scene in UNRWA's area of operations, it may become necessary to make emergency or extrabudgetary appeals for additional funding. Contributions are normally made to the Agency in two forms, cash and in kind, the latter in most cases being donations of basic commodities and services.

Cash requirements

84. To continue its education, health, and relief and social services programmes in 1996-1997, UNRWA's cash requirements are estimated as follows, in millions of United States dollars:

	1996	1997	1996-1997	1994-1995
General Fund	289.9	299.3	589.2	
Termination indemnities	12.7	12.7	25.4	
Total	302.6	312.0	614.6	522.6

In-kind requirements

85. For 1996-1997, in-kind requirements are estimated as follows, in millions of United States dollars:

	1996	1997	1996-1997	1994-1995
General Fund	43.3	34.1	77.4	79.4

It has become customary for some donors to make in-kind contributions of basic commodities and services to UNRWA, and it is anticipated that these contributions will continue to be adequate in 1996-1997. It should be noted that in-kind donations for 1996-1997 are estimated at $2 million less in value owing to a decrease in the market prices of certain food commodities.

Annex I

DIRECT GOVERNMENT ASSISTANCE TO PALESTINE REFUGEES a/

(1 July 1994-30 June 1995)

	Egypt b/	Israel b/	Jordan	Lebanon b/	Syrian Arab Republic b/
Education services			72 043 413		
Social welfare services			29 760 174		
Medical services			28 815 407		
Housing and public services			33 396 802		
Security services			13 401 163		
Administrative and other services			51 787 791		
Total			229 204 750		

Note. All data in the table above are as reported by the Governments concerned and cannot be verified by UNRWA. Amounts are expressed in United States dollars computed by applying the United Nations operational rates of exchange applicable at the time the date were received.

a/ This assistance was rendered directly to the refugees and are not contributions to UNRWA (see annex II).

b/ Figures not received.

Annex II

CONTRIBUTIONS PLEDGED AND/OR RECEIVED (GENERAL FUND, FUNDED ONGOING ACTIVITIES, CAPITAL AND SPECIAL PROJECTS) FOR THE BIENNIUM 1994-1995

(United States dollars)

Contributors	Cash	In kind	Total
I. Contributions from Governments			
Australia	3 997 500	30 000	4 027 500
Austria	1 009 278		1 009 278
Bahrain	30 000		30 000
Belgium	1 597 194	2 564 984	4 162 178
Brazil	100 000		100 000
Canada	16 059 218		16 059 218
China	120 000		120 000
Colombia	5 000		5 000
Cyprus	4 466		4 466
Czech Republic	40 000		40 000
Denmark	13 159 653	88 195	13 247 848
Egypt	11 888		11 888
Finland	2 901 439		2 901 439
France	7 197 025	975 389	8 172 414
Germany	13 556 531		13 556 531
Greece	200 000		200 000
Holy See	40 000		40 000
Iceland	32 834		32 834
India	14 337		14 337
Indonesia	50 000		50 000
Iran (Islamic Republic of)	60 000		60 000
Ireland	614 766	595 480	1 210 246
Israel		328 000	328 000
Italy	13 481 878	134 928	13 616 806
Japan	27 050 000	22 160 489	49 210 489
Jordan		180 000	180 000
Korea, Republic of	40 000		40 000

Contributors	Cash	In kind	Total
Kuwait	3 000 000		3 000 000
Lebanon	856 360	662	857 022
Luxembourg	93 589		93 589
Malaysia	20 000		20 000
Maldives	2 000		2 000
Malta	3 000		3 000
Mexico	6 000		6 000
Monaco	12 178		12 178
Morocco	47 849		47 849
Netherlands	11 287 609		11 287 609
New Zealand	254 991		254 991
Norway	20 602 408		20 602 408
Oman	50 000		50 000
Pakistan	33 213		33 213
Panama	500		500
Philippines	5 309		5 309
Portugal	50 000		50 000
Saudi Arabia	2 400 000		2 400 000
Spain	5 489 511		5 489 511
Sri Lanka	2 000	2 000	4 000
Sweden	38 958 618		38 958 618
Switzerland	6 143 544	11 830 746	17 974 290
Syrian Arab Republic		169 380	169 380
Thailand	28 891		28 891
Trinidad and Tobago	503		503
Tunisia	25 121		25 121
Turkey	225 000		225 000
United Kingdom	18 628 584		18 628 584
United States of America	142 000 000		142 000 000
Total	351 599 785	39 060 253	390 660 038

Contributors	Cash	In kind	Total
II. Contributions from intergovernmental organizations			
European Community	77 830 954	35 239 092	113 070 046
III. Contributions from the United Nations and United Nations agencies			
United Nations (regular budget)	21 300 000		21 300 000
UNESCO		2 073 242	2 073 242
UNICEF		202 106	202 106
WHO		1 746 064	1 746 064
Total	21 300 000	4 021 412	25 321 412
IV. Contributions from non-governmental and other donors			
Australian Care for Refugees (Austcare)	10 000		10 000
UNESCO (Netherlands)	20 000		20 000
Save the Children Fund, United Kingdom	1 000		1 000
Caritas, Swiss and German Aid	30 000		30 000
American Friends Service Committee		57 476	57 476
Near East Council of Churches	28 082		28 082
Major, Mrs. John	20 000		20 000
Sheikh Zaben	570 587		570 587
Rissho Kosei-Kai	242 450		242 450
Medical Aid for Palestinians, United Kingdom		23 000	23 000
Red Crescent, Egypt		245 622	245 622
World Vision Relief and Development		33 860	33 860
Various donors, Gaza		169 766	169 766
Staff of Gaza schools		55 262	55 262
Japan International Cooperation Agency		83 270	83 270
Swedish Free Church Aid (Diakonia)	48 687		48 687
Consiglio Regionale		9 072	9 072
Lillehammer Olympic Aid	20 000		20 000
Palestine Liberation Organization		206 090	206 090

Contributors	Cash	In kind	Total
Zakat Committee, Gaza		10 500	10 500
Others	7 240	26 108	33 348
Total	998 046	920 026	1 918 072
Grand total	451 728 785	79 240 783	530 969 568

Annex III

COMMON COSTS

Summary of the budget estimates classified by expenditure groups

(Thousands of United States dollars)

Description	1994-1995 biennial budget	1996-1997 biennial budget
I. United Nations-funded staff costs		
International	14 924	16 558
II. UNRWA-funded staff costs		
International	4 090	6 676
Locally recruited	40 864	40 317
Total	44 954	46 993
III. Other costs		
General stores	2 315	2 358
Automotive supplies	166	164
Rent	730	653
Utilities	3 031	1 921
Construction	156	48
Maintenance of premises and equipment	513	441
Equipment	2 308	1 855
Subsidies	246	364
Reserves	7 808	5 552
Headquarters move reserve		8 795
Travel	2 816	2 227
Communications	2 080	2 010
Training	489	502
Insurance	183	168
Miscellaneous services	3 950	3 769
Contras and miscellaneous income	(88)	(93)
Total	26 703	30 734
Total I-III	86 581	94 285
IV. Supplies and services in kind		
Rent	159	164
Total	159	164
Total I-IV	86 740	94 449
V. Termination indemnities		25 400
Grand total	86 740	119 849

Annex IV

COMPARISON OF COMMON SERVICES COSTS TO TOTAL COSTS FOR THE 1994-1995 AND 1996-1997 BIENNIUMS

(Thousands of United States dollars)

Description	Budget 1994-1995	Budget 1996-1997
I. Total regular and extrabudgetary sources	710 422	831 384
II. Total General Fund budget for common services	86 740	94 449
(a) Adjustments for items not belonging to common services		
- Reserve held under common services which will be distributed later to the programmes	(7 994)	(7 257)
- Headquarters move reserve		(8 795)
- Guard posts for Agency installations	(4 230)	(4 361)
(b) Adjustments for extraordinary costs		
- New management information system	(2 108)	(1 687)
III. Revised common services total	72 408	72 349
IV. III as a percentage of I	10.2%	8.7%

COMPARISON OF COMMON SERVICES STAFF TO TOTAL STAFF FOR THE 1994-1995 AND 1996-1997 BIENNIUMS

(Number of posts)

Description	Budget 1994-1995	Budget 1996-1997
I. Total regular and extrabudgetary agency posts (international and area staff)	21 094	22 149
II. Total General Fund common services posts adjustments	1 142	1 184
- Guard posts for programme installations	(390)	(391)
III. Revised common services total	752	793
IV. III as a percentage of I	3.6%	3.6%

Annex V

HEADQUARTERS COMMON COSTS

(Thousands of United States dollars)

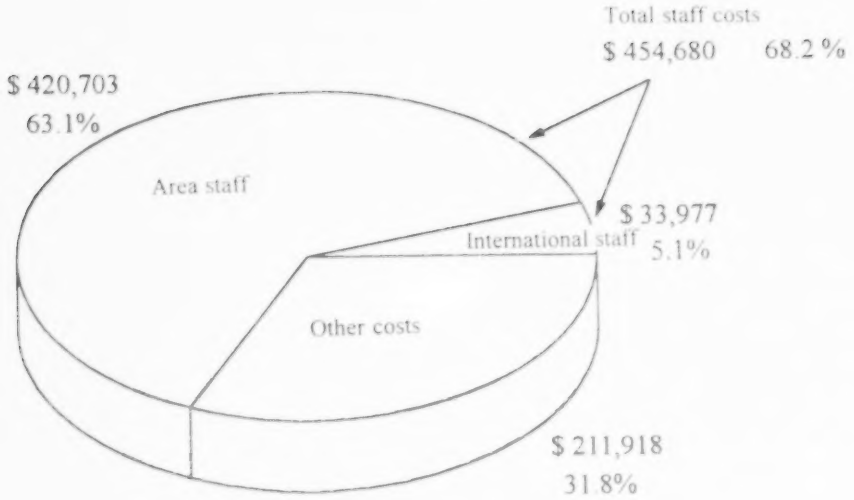
Description	Costs		Posts	
	1994-95	1996-97	1994-95	1996-97
1. Commissioner-General's Office	2 567	2 505	12	11
2. Public Information Office	4 104	3 474	20	20
3. External Relations Office	1 426	1 632	7	9
4. Programme Planning and Evaluation	1 216	616	6	9
5. Internal Audit Office	1 882	1 794	10	7
6. Legal Services	2 478	2 679	13	14
7. Insurances	176	156		
8. New York Liaison Office	493	531	3	3
9. Projects and Development Office	765	1 771	4	9
10. Provident Fund Secretariat	680	621	3	3
(Self-Suport Unit	(680)	(621)		
11. Administration and Human Resources - headquarters (Vienna)	13 493	11 222	54	57
12. Finance Department	7 364	7 199	48	48
13. Information Systems Office	7 069	6 403	32	33
14. Administration and Support Unit - headquarters (Amman)	1 195	2 517	19	29
Total	44 228	42 499	231	252
Total budget a/	710 422	831 384	21 094	22 149
Per cent of headquarters	6.23	5.11	1.10	1.14

a/ Includes the regular, EMLOT, EPA, PIP and Gaza Hospital budgets.

Annex VI

TOTAL STAFF COSTS AS A PERCENTAGE OF GENERAL FUND CASH AND IN-KIND BUDGET, 1996-1997

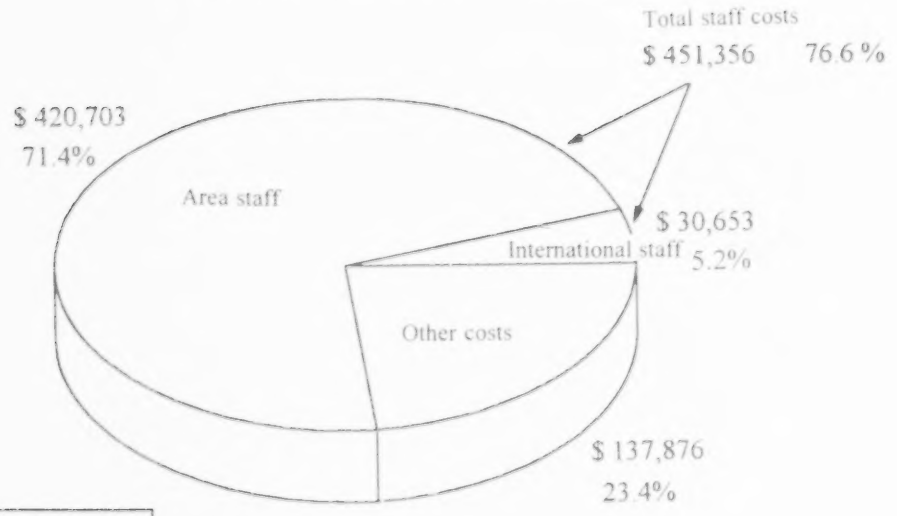
(Thousands of United States dollars)



Grand total: $666,598

TOTAL STAFF COSTS AS A PERCENTAGE OF GENERAL FUND CASH BUDGET, 1996-1997

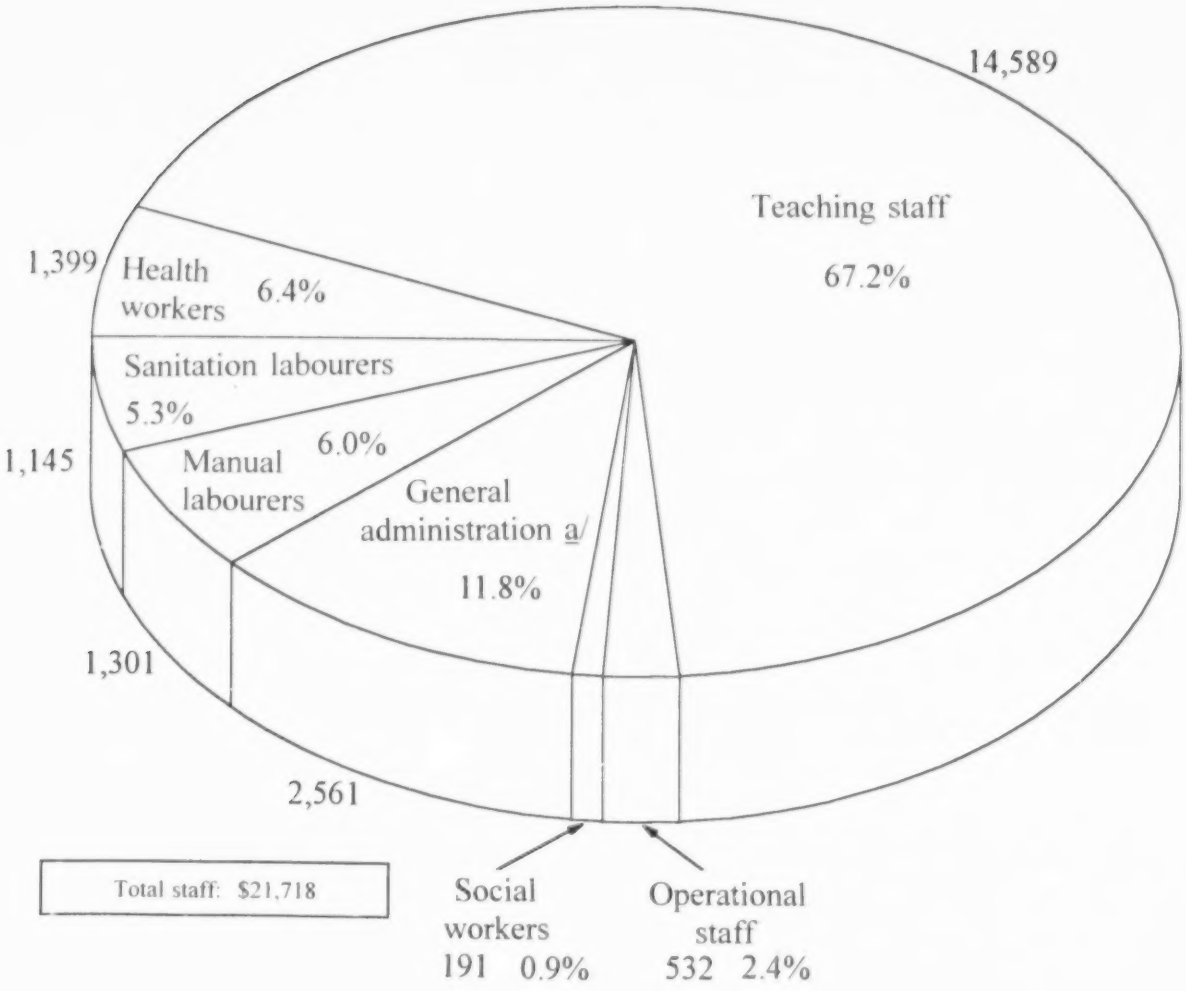
(Thousands of United States dollars)



Grand total: $589,232

Annex VII

AREA STAFF POSTS BY MAJOR OCCUPATIONAL CATEGORY, 1996-1997



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a/ Includes all administrative staff in common costs, operational services and programmes